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END OF THE WAR NOT YET IN SIGHT

Address by Pomeroy Burton, Manager of the London Daily Mail, at the Meeting of the Executive Council of the American Bankers Association, May 7, 1917—Mr. Burton is an American Newspaper Man Who Has Lived Some Years in London and Has Had Unusual Opportunities to Make a Close Study of the War.

EUROPE today faces the most desperate situation in its history. It is torn by war and threatened with famine. Its industries are dislocated, its man power is being steadily depleted, its food supply is growing desperately short, its civil populations are being drawn more and more into the vortex of war, and its future is clouded with dread uncertainty.

In the judgment of critics most qualified to speak, the war's end is not yet in sight.

Shipping, on which the very existence of such countries as England, France, Italy, Spain and Scandinavia depends, is steadily decreasing. The menace of a world-wide food shortage looms large upon the horizon.

Fighting on a prodigious scale is proceeding on the western front; and yet that fighting, with its enormous casualty list and unheard of expenditure of effort and explosives, is not likely to bring a decision this year.

At the same time the submarine campaign is making headway, and on the present scale of effectiveness it must be regarded as a serious menace.

But on the present scale, or even on an increased scale of effectiveness, the submarine campaign is not likely to prove a decisive factor in the war. It is, however, a factor which increases the danger of food shortage and a widespread suffering.

Aside from these two main factors of the present war situation, there is nothing that even suggests a climax to the struggle, barring, perhaps, the remote and improbable factor of finance.

It is the considered judgment of those who have studied the situation most carefully that both the Central Powers and the Entente countries can finance the war for years to come.

That seems to be the actual war situation today.

Now, does that provide a basis upon which to rest the almost universal feeling which exists throughout the United States that this titanic struggle is nearing an end, that the whole heart, soul, spirit and full co-operation of the people will not be required, and therefore that this country's participation is more a matter of form than of substance?

Does it not rather point to the necessity for making the people of this country realize that they must awaken, that they must quickly mobilize their entire forces, that they must be ready in the near future to take their place in every active phase of this great war for human liberty?

In the light of the European situation today, anything short of instant action by this country, on the widest possible scale of preparation, simply invites disaster.

Nearly six weeks of careful inquiry in various parts of the United States convinces me that comparatively few people here realize the truth and the possibilities of the war situation as it exists today.

In most eloquent words I recently heard my esteemed friend, Major Gordon, explain the little phrase, "The fortunes of war."

It is a lesson that should be taken to heart by every human being in this country today.

The fortunes of war embrace such uncertain problems as the immediate future of Russia, the internal situation in Spain, the food and coal shortage in France and Italy, the black threat of famine and business collapse in Scandinavia, the growing inroads of the submarine campaign on shipping, and, most important of all, the great unknown factor which for three years has been taken for granted by the whole world as being impregnable—Great Britain's heavy battleship fleet.

In an admirable article in the April number of *World's Work*, written by Mr. Edward G. Lowry, I read a searching forecast of what would be likely to happen if this great shield were, by the fortunes of war, to be shattered:

"Consider," he says, "this dramatic fact: There are between twenty-five and forty fighting ships, with their auxiliaries, flying the British flag, now lying at naval bases along the North Sea coast of Great Britain, that control the food supplies of millions, the rate of exchange all over the world, the political destinies of hundreds of millions, and the growth or decay of democracy on this planet. If by hook or crook the Germans could destroy the British heavy battleship fleet in a night the whole direction and destiny of humanity would be changed. The downfall of the Roman Empire was a momentous event in the history of the world, but it was gradual. Society had opportunity to accommodate itself to its change. But the fate of this world as it is organized today hangs on that little group of engines of war off the north coast of Scotland and the men who control it. They mean more to us and to posterity than any one quite realizes. Verdun and the Berlin-Bagdad ideas, great conceptions as they are, dwarf into trivialities. Should this little group of floating gun-platforms fail in its appointed task, we in the United States would feel the effects, next to Great Britain, more than any country or people in the world. It would mean that England would be starved into submission. It would mean that we would probably lose all the money that we have lent to England and all that she owes us. It would mean a financial panic such as the world has never seen. Credit would dry up. Exchange would break down. All the fabric of international commerce would be destroyed. All the relationships that have been established between nation and nation, and people and people, would have to be reconstructed on a new basis. It would mean nothing less than the reconstruction of the civilization of the whole world. Every trade route, every financial arrangement, every political agreement, and every international policy would have to be modified and shaped to meet the new and unreliable conditions. No finite vision can comprehend

in definite, actual terms the extent and full effect of such a calamity. It is worth thinking about and worth speculating about here in the United States, remote as is the possibility, if it brings home to the people here how closely our destinies in the world are linked with Great Britain's. The two countries are indissolubly bound together in this world. Their fortunes cannot be separated. They must fail or prosper, rise or fall, together. Neither can go ahead at the expense of the other. Every day since this war began has proved that. If the United States had not supplied Great Britain and her allies from our financial, industrial, economic, and agricultural resources the war against Germany could not have been waged as it has been. If Great Britain, through the employment of her sea power, her fleet, had not kept the sea lanes open, the condition of stagnation that came at the outbreak of the war would have prevailed, only to a lesser degree today. We should have had no market for our produce and we should have suffered. We would have been isolated. Our activities would have withered. Factories would have been closed. Hundreds of thousands of idle men would clamor for employment. You can draw the black picture for yourself of what would happen if the British fleet were destroyed and this country's activities were so arrested and crippled."

Does not that picture—and I maintain that it is not an overdrawn picture—cause the mind to leap at once to a full realization of the part which this country must play, of the responsibilities which this country must bear, of the great and solemn duties which this country must perform, in order that proper provision shall be made against any of the eventualities that may emerge from the fortunes of war during the next critical twelve months of this titanic struggle? It is the possibility of bad news, of untoward developments, that must be provided against, if wise counsels are to prevail; and are not such preparations the only sane and safe ones, and the ones most calculated to support the fervent hope of all of us that the war may be ended soon and on the side of right, on the side which fights for human liberty?

There must be preparedness, on the basis of equality of sacrifice and equality of service, which shall be all-embracing.

It is the duty of this Government to make clear to every man, woman and child in every State of the Union, first, what threatens, and then, what duty and what sacrifices devolve upon them.

The Government should first take steps to make the people understand the war situation as it actually exists, and as they do not at all understand it today. And in shaping its war program the Government should enforce a policy calculated to distribute the burdens of war as equally as possible among all of the people. There should grow out of this war program neither excessive profits nor excessive burdens, but in the readjustment of the country's forces to meet the great problems which now confront it, there should be no basis for heartburnings, for half-hearted effort, or for discontent. Properly marshalled, these latent forces can be united in such a way as to become the great deciding factor in this frightful world-wide conflict.

It is no longer merely a matter of armies and of navies; it is now more than ever before in the world's history a matter of armies and navies plus the whole spirit and combined efforts of the people behind those armies and those navies. As those people are well or badly organized, so are the vast armed forces supported by them effective or ineffective in the clash of battle. This is now a people's war in the fullest sense of the term. Without the people's backing, without the people's willingness to undergo sacrifice, without the people's united understanding and fullest possible effort, this war cannot be won.

And in no country today is it so necessary for the people to understand their individual obligations as in this Great United States.

Topics of the Month

THE UNREALIZED WAR

SO detached are the American people from the death-struggle of humanity, so aloof in their pursuits, so impersonal in their attitude that this nation finds itself waist deep in the gigantic war while the people are yet apathetic.

This apathy is laden with danger. One might despair were it not for the striking analogies which Canada, and especially England, exhibited at the outset. The people bargained for their part in the battle without being aware that their presence was demanded. They threw down the gauge of battle and then waited at ease for some one to begin the resistance to the formidable enemy.

The first shocked consciousness came to England when her regular army was battered and bruised by the almost irresistible Teutonic war machine and the ghastly details were told in casualty lists at home. The bloody nature of the struggle was gradually realized until now they know only too well that hundreds of thousands still must bleed and die before the crushed hopes of humanity can rise again.

It is too much to hope for a living, bleeding realization of what this war means to Americans until we, too, have felt the killing force of the Prussian bludgeon and have counted our dead in the cause of Democracy.

Yet there must be a partial realization before we can arm ourselves adequately. The duller imaginations must be whipped into an appreciation of what is to come, lest still worse befall.

The easy assumption that the Allies have all but accomplished their great purpose and are about to deliver the knock-out blow has served to lull the American people into a sense of security. There must be truth telling and truth dissemination. These words of Gen. Pershing should be burned into the public mind:

Upon America is to rest the brunt of the terrible burdens to come. France is under a terrific drain. We must supply her deficiencies. Our people do not realize the depth, the terribleness of this war. It is our duty to impress upon the people that we are really at war. We must fill the place of every man who is killed among the Allies.

This American apathy moved Judge E. H. Gary to speak in like warning words, thus:

We have entered upon a colossal undertaking on the highest moral grounds. But none of us realizes the strength of the enemy. The numbers, preparedness, resources, devices, creative ability, protective barriers, means of rapid mobilization and transfer of troops and supplies of the grim, determined enemy are

further advanced in effectiveness than any other army or armies have ever been.

And to this Herbert C. Hoover adds his forecast based upon his intimate knowledge of Europe's sufferings and of Germany's capacity for damage:

This country faces a war that may last from two to five years and only by the most careful measures can we give the Allies enough food to keep them in the war with the force required to bring victory.

At the same time from various all too convincing sources is derived the knowledge that France is in sore straits, unable any longer to put forth a maximum effort, bled of her reserves in men, food and money and in dire need of our assistance. Every man that France now loses must be supplanted by an American. Her recent efforts on the Aisne proved her lack of sheer energy to push back the Germans from their artillery-proof entrenchments.

The submarine lull now manifested in the lowered list of marine losses may presently be followed by a renewed attack, but even the minimum loss, if continued, must sap the British resources so as to prevent them rendering that maximum aid to France which is necessary to victory. Russia remains a dubious factor, rather in her capacity for a tremendous military effort than in her will. At the same time Germany is able to put 600,000 fresh recruits into the field.

So that, in place of the United States entering the war at a point where Germany is about to surrender and where we may gallantly and economically share in the final thrust, we have entered the war in the darkest hour for the Allies, and come, not so much to share their victory as to prevent impending defeat.

Disaster can be avoided only by a supreme American effort. And this supreme effort cannot be made by a half-conscious people. But consciousness will come; with the dead-wagon it approaches.

As Mr. H. P. Davison has stated, "Russia today has 6,000 ambulances on a front of 1,000 miles. In France there are 64,000 ambulances on a front of 400 miles."

When the community begins supplying men to take the place of the American dead then will the war be realized; then will its remoteness be displaced by its nearness; then will we be consciously fighting shoulder to shoulder with the democracies of the world in a death-struggle against the all-devouring autocracies of Central Europe in a terrible resolve to crush despotism into the earth so that we may live in peace.

INTEREST RATES

The flotation of the Liberty Loan has been started under very good auspices, and there is little doubt but that the issue will prove successful. Under present conditions the problem of finance is beginning rather than ending with the flotation of the Liberty Loan. It is not expected that the war will be one of short duration, nor is it desirable from our own point of view that the war should end while the issues at stake remain unsettled. There is a general consensus of opinion that borrowing on a much larger scale must take place before the end of the year.

Two important questions intimately connected with the future borrowings of the United States are the interest rates and conversion privileges. There are many who doubt if it is the part of wisdom for the government to have attempted this issue at 3½ per cent.; and that the success of the loan is no argument for the soundness of the method. Sooner or later, government borrowing must be placed on the basis of business instead of patriotism. It is hardly possible that the government will be able to raise loans in the future at 3½ per cent., even for small amounts. What effect the present issue will have on industries and interest rates in the country is purely a matter for conjecture; but judging from the experience of England and other countries in Europe, we cannot but come to the conclusion that there must be considerable interference with the free flow of trade, and that interest rates will move upward. Not only must the loans that the government may have to raise in the future bear a higher rate of interest than the Liberty Loan; but it will be hardly possible to float them at all, without offering the privilege of conversion. This privilege has had to be offered, both in Great Britain and France. In great Britain, practically the whole of the first loan of \$1,400,000,000, issued at 3½ per cent. in 1914 was converted into 4½ per cent. bonds in the following year. In France, the 3 per cent. *Bons de la Defense Nationale* and the *Bons de la Obligation Nationale* were converted into 5 per cent. long-term bonds.

FUTURE BORROWINGS

The interest rate will depend on the cost of the war, and the total that the United States may have to contribute toward financing the Allies. Congress has already authorized a grant of credits amounting in all to \$3,000,000,000 to the Allies; \$670,000,000 have already been advanced by the United States Government to the various allied countries. Even should Russia withdraw from the Entente, the minimum monthly advances are expected to be about \$400,000,000. The amount authorized by Congress, in such case, will last only six months. Being in the

war, it is felt that it is our bounden duty to finance our Allies on a larger scale than ever.

It is not improbable that before the end of the year, an additional \$2,000,000,000 ought to be made available to the Allies, principally France. Our expeditionary forces, naval and military, will involve at least \$1,000,000,000 for the remainder of this year. Besides, we have our military and naval programs, as well as several measures involving expenditure estimated at about \$3,000,000,000 for the period—\$750,000,000 having already been set apart for ship construction. Even supposing that the present scheme of taxation is adopted, it is hardly possible that we can obtain more than \$1,500,000,000 from new taxation. It is evident, therefore, that \$4,500,000,000 besides the sum available from the Liberty Loan, must be raised in the United States before the end of the current year.

Out of this amount, the government has already arranged to issue treasury certificates for \$2,000,000,000. Even allowing for this, at least \$2,500,000,000 more will have to be raised by a public issue, before the end of the year. Judging from the experience of the European countries and the probable effect the war may have on our money position, it is hardly possible to raise this money at interest less than 6 per cent. The amount of issue must also be larger than the actual amount needed, in order to allow for the privilege of conversion of the present Liberty Loan bonds.

EFFECT ON BANK DEPOSITS

War always necessitates government loans on a large scale, and war loans invariably result in increasing bank deposits. It is necessary that the government or the institutions that handle money must create the money, in order that the public may be able to subscribe to the loans. To take an example: An individual having real estate in New York to the value of \$1,000,000 and wishing to subscribe \$250,000 to the Liberty Loan, will arrange a loan on the security of his property. This amount is credited to the government and left on deposit with the bank. The government, in its turn, uses the credit to purchase materials, or to loan to the Allies. What has really happened is that \$250,000 new money has been created, as it were, out of nothing. Under existing conditions, most of the subscriptions to the Liberty Loan in the United States will consist of the creation of practically new money. A similar development took place in Europe; France and Germany increased the circulation of paper money, and thus provided the public with the sums necessary to subscribe to the loan; England also followed the same rule, to a limited extent. In England, especially, the result of war loans has been to increase the bank deposits; the average increase

up to 1913 was about \$150,000,000 a year. During the period of the war up to December, 1916, the deposits of English banks increased by \$1,500,000,000. During the same period, Great Britain restricted investment of new capital in the country to government loan issues. During the whole of 1916, new capital investments in private enterprises were only to the extent of \$30,000,000; the average of British investments prior to the war being \$1,000,000,000 a year.

ACCEPTANCES

While efforts are being made to increase the use of acceptances in order to maintain an easy money market and make government financing easier during the period of the war, the merchant body, as a whole, does not seem to be very anxious to accept trade acceptances. At present, the opposition comes mostly from the retailer. The Board of Trustees of the Ohio Retail Dry Goods Association has passed a resolution opposing acceptances. They maintain that the advantage is mainly to the seller or the wholesale merchant and that the manufacturer should assist the retailer, in view of the profits the former is making.

It is also stated that acceptances would provide capital for the manufacturer and jobber at the expense of the retailer. This seems to be the general attitude of all retailers throughout the country. One cannot blame the retailers altogether for opposing trade acceptances, in view of the fact that this method has not been properly introduced. No system, which does not equally safeguard the interest of all the parties concerned, is likely to prove popular.

Trade acceptances are intended to benefit the big banks, the country banks, the manufacturer and the retailer equally, and should not be detrimental to the interest of any one of the parties. The main object is to minimize the use of money and credit, and thus keep down the value of goods, so that there may be larger trade by means of which both the manufacturer and retailer can profit. The advantage to the banks is that they have not to lock up any considerable portion of their funds, as they would have to do under normal circumstances. It is to be hoped that special efforts will be made to enlighten the parties concerned as to the benefits of acceptances.

At an early date, our national finances will have to be handled very carefully, in order that there may be a minimum interference with the regular workings of commerce. If we cannot safeguard the country's credit by introducing the system of trade acceptances, the consequences may prove far from pleasant.

RESERVE BOARD ACTIVE

In the campaign to sell the bonds the Federal Reserve Board has given effective assistance by its liberal construction of the Reserve Act and its readiness to make the situation easier for the banks. The situation of the mutual savings banks, as the result of the bond campaign, was interesting and complicated. These 622 banks, located largely in the eastern and New England states, have 10,000,000 depositors and about \$4,000,000,000 in deposits. The average cash reserves of these banks is about 5½ per cent. of their liabilities. Their resources are bonds of all kinds and real estate mortgages, unliquid securities. To have invited their depositors to invest in Liberty Loan bonds would have been an invitation for the withdrawal of funds for this purpose.

The inevitable result of heavy withdrawals under such conditions would have spelled trouble if not disaster. It would have necessitated, if carried too far, the liquidation of securities when the market is disordered, and probably heavy losses.

The mutual banks, having no capital stock, are denied admission to the Federal reserve system even if it were desirable for them. The ruling of the Federal Reserve Board that the rediscount rate of the reserve banks would be approved at 3½ per cent. for notes and bills drawn against the security of Liberty Loan bonds clarified the atmosphere, and the relaxation of the rule that member banks may not rediscount for non-members except with the express consent of the Federal Reserve Board, completed the clarification. Announcement of this momentous ruling was followed by large subscriptions by the savings banks and the ruling of the Banking Department of New York State that the savings banks might buy bonds and sell them on installment payments over their counters removed the last obstacle to the co-operation of these large and important institutions. The result has been the sale of many additional millions of bonds.

CHECK COLLECTIONS

Almost stranger than the strange bedfellowships of politics, which caused the Reserve Board to lie down with the mutual savings banks, has been the conduct of the Board toward the state institutions. These institutions have been cajoled, flattered and threatened by turns. Their loyalty was appealed to one day, and the next the reserve banks sent out advertising copy for the use of member banks, in which, inferentially at least, the state banks were held up as relatively unsafe and inefficient institutions. An amendment to the Reserve Act, promoted by the Reserve Board, was intended to smooth the way for the entrance of the state banks into the system, and was agreeable to them,

but in the same list of amendments was another which was calculated to strengthen the check collection system of the reserve banks and so impair the profits of the state institutions.

The conduct of the Reserve Board in regard to the collection scheme has been a contradiction of itself. Originally they let it be known that they promulgated the par collection plan because they were so directed by the law. Later they seem to have become so enamored of this foundingling that they took out formal letters of adoption; after that they became further and further addicted to it, and there budded and blossomed the belief that the success or failure of the whole reserve system depended on the par collection scheme's being nursed along to a sturdy growth.

Necessary amendments to the Federal Reserve Act failed in the last Congress because of the unpopularity of the check collection system, and the Board promptly attributed the failure to the country banks' enmity to this ill-starred offspring of an unconstitutional idea. Failure in the last Congress was followed by further efforts to reform the country bankers by the use of a bludgeon. A casual reading of any official statement relating to check collections would have induced any uninformed person to believe that all the checks in the country were being collected through the reserve banks when, in reality, 90 per cent. of them were being steadily collected through the old and customary channels with exchange, if it pleased the banks, and without if they thought it to their advantage.

When the new Congress convened, the amendments to the Reserve Act which had failed, were reintroduced with additions designed to salve the feelings of all the state banks and cause a general flocking to the reserve system.

This happened in a parlous time. War, long impending, became a reality. A new color showed over the horizon. Loyalty ceased to be an empty word. Patriotism took on a new meaning. Country bankers softened, but the express companies remained as a part of the check collecting system. Members of the Reserve Board made eloquent appeals for the support of the government and sharpened the ax to cut farther into the country bankers' profits. They proclaimed the absolute necessity for united banking effort and designed plans to make it impossible.

In all of which the Board had the vigorous support of the reserve banks. The campaign for par collections was a twenty-four hour affair. The Banking and Currency Committees of House and Senate were closed by Administration effort to every demand for justice. By a parliamentary trick an amendment to permit banks to make reasonable collection charges was excluded from consideration by the House. In that body the amendments to the Reserve Act went to a vote in the exact form in

which Chairman Glass' committee embalmed them. They came perfect from the hand of the master workman who knew exactly what is what and hang the plain people who would foist upon legislative artists crude and bungled appeals for justice.

It was not so in the Senate. More amenable than the body supposed to be popularly representative, the Senate defied its Banking and Currency Committee and lent an ear. It lent an ear, listened and was convinced. It passed Senator Hardwick's amendment, fixing a maximum charge for collecting checks. When the measure was sent to conference the House at last found an opportunity to express itself. By an overwhelming vote it instructed its conferees to accept the Hardwick amendment.

The Board, however, was not convinced of the utter hopelessness of its efforts by a mere majority vote in both houses of Congress. They declined to yield. They turned loose all their powers of influence. They had the support and encouragement of the Administration. A motion to reconsider in the Senate was urged and lost by 39 to 38. Since that time the effort has been to secure delay. First the chairman of the Senate Committee is out of town and then the chairman of the House Committee is conveniently absent. In the meantime the Reserve Board and the reserve banks are moving the earth to secure votes. They have given up enough to have begun to talk compromise. They "would accept" an amendment which would place within the control of the Board the power to fix exchange rates.

It is unfortunately true, at this writing, that the Board has so effectively destroyed the measure of confidence which the banks had in its sincerity, that just now the banks are not inclined to accept such a compromise. But worse than that is the destructive work that has been done. The state banks were in an excellent frame of mind. They were willing to surrender some of their well-placed objections to entering the reserve system. They had responded to the call of patriotism and asked only for specifications of the Board's earnestness. Those specifications have been provided. John Skelton Williams no longer has an exclusive hold on first place in the affections of the bankers.

AUTOCRACY

The tendency to adopt enemy methods in government, observed in all belligerent nations, arises as much from a mistaken idea of their universal applicability as from an undue admiration for their efficiency.

The great Prussian discovery in organized autocracy is not only unsuited to our temperament, but is also not necessarily the only form which national efficiency can take. Nevertheless, the Prussianization of this country threatens from Washington

where authority is interpreted as the right to interfere and to hamper execution rather than as the function of releasing, distributing and directing action.

The passion for censoring the press under a strict espionage bill is only one manifestation of the tendency to autocracy. Other oppressive forms of dictation are in evidence, though less advertised by the press than the pinch of their own censorship shoe.

General Goethals asks for authority to proceed efficiently with the business of building ships. This kind of authority is the specific power which democracy must delegate to the active head of a function, the actual doer of a task. Democracy relishes its work when done by the practical man with a free hand.

But the bureaucratic official who apes Prussian autocracy without Prussian science desires that he himself be invested with autocratic authority so that he can interfere with the working Goethals, and play the dictator remote from the actual workshop.

This kind of autocracy is neither Prussian nor American but an illegitimate offspring of this crisis.

Instead of emerging from this war the victim of Administration dictators and bureaucratic tyrants we must emerge more democratic than before lest we give our ideals the lie. We can be efficient under democracy only when we have learned to delegate authority to the practical head of each service, and reserve for the administrative departments the function of releasing energy, of distributing national forces and of supplying the means.

Food dictation furnishes an example at once of the use and of the abuse of authority. Food direction is essential. Food will not distribute itself. For while the natural law of supply is the great solvent of economic difficulties in the long run, an emergency that upsets transportation and that creates tremendous differences in the direction of trade and in prices summons imperatively into being an executive who will release the food forces from the tangle.

A food distributor who teaches the producer the requirements of the year, who prepares the lines of communication, who searches out stagnant corners and who eases distribution, therefore becomes the efficient instrument of democracy. But a food dictator who sits on an improvised throne in Washington and gives arbitrary orders on food prices is autocracy in its most inefficient guise.

The censorship has already furnished an apt illustration of this distinction between arbitrary dictation and efficient co-operation. When the bureaucracy tried its hand at suppressing news it was obliged to contradict itself at intervals and issue solutions to its own puzzles, the while rumor usurped the place of fact and did much more damage. Whereas, it is now testified that the press, placed upon its honor and left to its own trained judgment, has proved itself the strictest censor.

Interference is the manner of the bureaucrat who has adopted autocracy as the latest mode. Co-operation with practical men is the manner of the department head who sets store by efficiency in democracy.
A. D. W.

The General Committee of the American Bankers Association has asked all banks and trust companies to report their operations in Liberty Loan Bonds.

The information asked is of vital importance. The experience in handling this loan will make handling the next one much easier.

The report asked is designed to give statistical and other information which bankers must have. Other provisions for reports will not give this information.

BE SURE AND SEND IN THE REPORT COVERING SUBSCRIPTIONS UP TO AND INCLUDING JUNE 15.

WHAT THE AMERICAN BANKERS ASSOCIATION IS DOING TO CO-OPERATE IN THE FLOTATION OF WAR BONDS

Resolution Providing for a Tentative Plan of Committees to Co-operate with the Secretary of the Treasury, the Federal Reserve Board, and the Federal Reserve Banks, in the Flotation of War Bonds.

RESOLVED, That the matter of co-operating with the Secretary of the Treasury, the Federal Reserve Board, and the Federal reserve banks in the flotation of the Liberty Loan of 1917 and such other government issues as may follow, be handled by and through an organization of Committees as follows:

1. **EXECUTIVE COMMITTEE**, To be made up of the Administrative Committee, and the Presidents of the respective Sections of the American Bankers Association.
- GENERAL COMMITTEE**, To be made up of the General Secretary, General Counsel, the Secretaries of the several Sections, the Manager of the Public Relations Department, and the Educational Director of the American Institute of Banking; Chairman to be appointed by the President of the American Bankers Association.
2. **RESERVE DISTRICT COMMITTEES**, To be made up of twelve men to be appointed by the Administrative Committee of the American Bankers Association (preferably a man located in each of the twelve Federal reserve cities).
3. **STATE COMMITTEES**, To be made up of members of the Executive Council of the American Bankers Association; Vice-Presidents of the A. B. A. for the respective states; Vice-Presidents and State Representatives of the Sections of the American Bankers Association for the respective states; members of the Executive Committees of the Sections of the A. B. A. in their respective states, and Presidents of the several State Bankers Associations. The Vice-President of the A. B. A. to be General Chairman and the senior member of the Executive Council of the A. B. A. in each state to serve as Chairman of the State Committee of his state.
4. **SUB-STATE COMMITTEES**, To be made up as follows:
 - (a) The secretaries of the various State Bankers Associations.
 - (b) In states which are sub-divided into groups, the Chairman in each group of the local State Bankers Association.
 - (c) In states not sub-divided into such groups, a Chairman to be appointed for each congressional district by the respective senior members of the Executive Council representing such states.
5. **COMMITTEE AT LARGE**, To be made up of men to be appointed by the member of the Reserve District Committee in each Federal Reserve District.

THE distribution of the two billion dollar Liberty Loan bonds on a popular basis is a problem of the first magnitude because the great earning public has not acquired the habit of investing in national securities.

The Treasury Department had the will to market these bonds among the millions of buyers, but the machinery to popularize the issue and to place it in the hands of the individual producing units of the nation was not part of the normal administrative equipment. There must be a volunteering of distribution forces.

The banks and other financial institutions responded with enthusiasm to the call of Secretary of the Treasury McAdoo who, from the executive cen-

ter in Washington, is in command of the selling campaign.

Washington serves well as a center from which to radiate general publicity, but it is under the handicap of being a political center only when specialized effort is necessary. No national committee has undertaken to direct even a political campaign from Washington, because it has long since been discovered that the best practical results can be obtained by having headquarters in Chicago or New York.

This handicap is a thousand times more obvious in financial matters. The action and reaction of politics and politicians are undesirable when the individual citizen is to be appealed to. The dis-

sociation of a practical campaign from the Washington atmosphere of politics is the first condition of success.

In a campaign to secure funds a multitude of banks must be enlisted and the centers of finance must necessarily be the focusing points of the marketing activities. So the Treasury Department very properly called to its assistance the Federal reserve banks and through these enlisted a great number of banks and bankers, thus creating an emergency organization with appropriate ramifications and yet with every line running into Washington.

The Federal reserve banks themselves unequipped for this gigantic task of popular distribution, called for volunteers. The volunteers responded with a will. The bankers formed committees and, gaining the co-operation of newspapers, merchants and business of all kinds, have had the practical work of the marketing campaign in charge.

The brevity of the time allotted is much too acute to permit of the creation of an adequate organization for the stupendous task in hand, and yet the purpose must be accomplished, and doubtless will be accomplished, by the sheer driving energy of the volunteer selling forces.

If bonds sold themselves the Treasury Department would be without cause for anxiety even if it remained innocent of devices for selling a stupendous issue of emergency bonds. The margin of outlay in funds and in energy required for marketing anything, whether commodity or credit, is as nearly a constant factor as is any human factor, notwithstanding the popular misbelief that bonds sell themselves, an error in conception that is usually accompanied by an inability to be any more impressed by a two billion dollar bond announcement than by one of a billion dollars.

Thousands of people thought the big issue would be "taken up over night," like a new issue of New York City or Pennsylvania Railroad bonds. There was a wholly unwarranted, but quite characteristic gloat in the early headlines which told how many millions per hour were pouring into the Treasury long before the terms and conditions of the bonds were announced.

Eventually the bond sale got down to a business basis or to an approximation thereof. But its progress is still handicapped by the initial error of overestimating popular enthusiasm and underestimating sales problems.

Doubtless the bonds could have been instantly underwritten by a syndicate of banks, a method fraught with danger from the viewpoint of banking stability and entirely subversive of the true purpose of making the Liberty Loan a popular loan as its name would indicate. Such a selling plan would make the American people participants only indirectly and would isolate the Liberty Loan as an

impersonal financial function from which the individual American citizen could remain detached and cold as he habitually remains toward municipal and national bonds.

With less than five weeks allotted for the entire task the making of an organization was necessarily hurried. The organizing of the larger banking centers was not so hard, but the rural districts presented difficulties. Machinery that would reach out into the entire field seemed to be more easily and quickly made available through the American Bankers Association than through any other nation-wide instrumentality. The use of this agency with its almost universal ramifications was an obvious recourse.

With nearly 17,000 members this organization had at its command a ready means of communication with all parts of the nation, and through its working relationship with the state bankers' associations it was in immediate touch with nearly the whole banking system of the nation.

For this work of preparing material and plans for the use of the banks, the General Committee asked for volunteers and the response was instant and hearty. From the bond houses and the banks in the financial district came experienced men who gave and continue to give freely of their time. Advertising experts and writers of ability were enlisted. A plan of organization was quickly made. The officers and members of the Executive Council and the members of the Executive Committees and the officers of all Sections were made members of the War Loan Committee. Through these the state associations and the groups were reached.

This central organization of more than 600 men in turn organized the whole country for the task. The work of giving detailed plans of operation to all banks was under way.

Great Demand for "Plan-Book"

After a preliminary statement, accompanied by a pamphlet containing the text of the War Loan Act and the terms of the bonds as outlined by the Secretary of the Treasury, had been sent to 29,750 banks, a booklet of plans was designed. This plan-book contained specific instructions for community organization and also various plans for banking operations.

For example, the idea embodied in the Christmas Clubs was adapted and following the suggestion of the Pennsylvania Trust Company, of Reading, Pa., these Liberty Loan Clubs have proved very popular. Partial payment plans for employees were included and the slogan, "A Liberty Bond in Every Home," first used in St. Louis, was suggested.

Twenty-four hours exhausted the first issue of 40,000 copies of this booklet, and another 20,000 issue quickly followed. It was adopted by the Liberty Loan Committee in New York.

The novelty of a great popular loan to the general public of non-bond buying habits is no less than is the novelty of the marketing problems to the banks and other agencies enlisted in the task of marketing the Liberty Loan. Fresh difficulties accompany every plan suggested and utilized.

The plan for stimulating loan-buying on the installment basis promises embarrassment for the banks. The installment method, while it attracted the individual buyer who had no banking relations, involved much detail, much new bookkeeping, danger of lapses on the part of the buyer and the multiplication of credit transactions by the banks.

As a substitute the ten dollar certificate method proves at once more attractive to the public and less laden with difficulties for the Federal reserve banks which promulgated the plan. And yet the objections to this method are considerable.

The installment plan requires the bank to become the real subscriber and to carry the potential purchaser over a term. The ten dollar certificate plan requires the government, if not the reserve bank, to continue to be the holder of the bond.

The certificate may ultimately be supplemented by another and another installment certificate or it may not, in which case the return of the amount subscribed and the final responsibility for and disposition of both certificate and bond involve a second degree of detailed analysis and bookkeeping.

Insistence upon the popular character of the loan requires the enlistment of employers. Many of these patriotically become the subscribers for bonds which they in turn offer to their employees on the installment plan. The employers have closer relations with the men, know their earning capacity, can appraise their personal responsibility and can receive installments without the creation of new office machinery.

The demand for the plan-book which details methods for employers indicates a very general response for this feature of the loan distribution, and the further promotion of bond purchases by large employers will afford an enormous outlet.

The need for whipping the public consciousness into an attitude of attention is a dual one—war apathy, and apathy towards bond investments. One way to discourage popular buying of Liberty Loan bonds is to give the impression that the two billion dollars can readily and will presently be subscribed by men of wealth, and that the banks can easily take care of this loan just as they have taken care of other bond issues.

We have here to deal with a public that is unfamiliar with bond buying. Therefore the best propagandist agencies that can be resorted to are the employers who are in intimate relations with the wage-earner. The formation of employers' clubs and the education of the employers by the

banks will continue to be prime factors in the marketing of the loan.

The folder outlining methods of procedure for the organizing of employees in industrial establishments has been much in demand, while the model sermon, written for the General Committee by Rev. Newell Dwight Hillis, of Plymouth Church, Brooklyn, has already been circulated to the extent of 160,000 copies. Among the suggestions in the plan-book was one that the bankers enlist the clergy and, with Dr. Hillis' sermon as a model, or otherwise, have them preach on the Liberty Loan on Sunday, May 27. It is estimated that the Liberty Loan was the inspiration of sermons in not less than 30,000 churches throughout the country on that date.

Dr. Hillis' Speaking Tour

Dr. Hillis responded ably to the request for a model sermon and followed that contribution with an offer to make a speaking tour in behalf of the Liberty Loan. Only a week later Dr. Hillis was in action, making his first address at Dayton, O., and following a thoroughly planned tour which extended to the Pacific coast. Arrangements were made to have Lawrence Chamberlain, a leading authority on bonds, and author of "The Principles of Bond Investment," accompany Dr. Hillis for the purpose of speaking particularly on the technique of bond issues. A stenographer and a manager were also necessary. These were quickly put into action.

The National Association of Manufacturers interested itself actively in the campaign and in the plan-book, 4,500 of which, together with other literature, were supplied to the members. That association detailed its manager of conservation, Michael J. Hickey, to manage the speaking tour which is thus under the auspices of the American Bankers Association and the National Association of Manufacturers. The clearing house in each city visited arranged successfully for and promoted the meetings.

The route taken by Dr. Hillis and Mr. Chamberlain follows:

Dayton, Cincinnati, Ohio; Louisville, Kentucky; Memphis, Tennessee; Little Rock, Arkansas; New Orleans, Louisiana; Houston, El Paso, Texas; Los Angeles, San Francisco, Oakland, California; Medford, Portland, Oregon; Seattle, Spokane, Washington; Butte, Montana; Salt Lake City, Ogden, Utah; Denver, Pueblo, Colorado; Kansas City, Missouri; Omaha, Nebraska; Milwaukee, Wisconsin; Chicago, Illinois; Minneapolis, Minnesota; Des Moines, Iowa; Indianapolis, Indiana; Detroit, Michigan; Cleveland and Toledo, Ohio, ending up on Friday, June 15, which is the date on which the subscription books close.

Motion Picture Slides

The valuable co-operation of the National Association of Motion Picture Producers was early secured and slides promoting the Liberty Loan were

prepared by the committee. Of these 30,000 were distributed to the 15,000 motion picture houses in reach of the association.

Advertisements, prepared by volunteer experts, have been distributed in large quantities, a whole sheet of small model advertisements and several of page advertisements having been supplied. The demand for these and the observed use of them indicated the success of this feature. Editorial matter and other propaganda material have been prepared and distributed to 30,000 banks, and these in turn carried the community distribution further.

Within ten days over 800,000 pieces of mail matter were sent out by the American Bankers Association's war loan organization, evidence not merely of central activity, but also of community response.

As a result of this and allied propaganda work a hundred thousand activities have been stimulated and the real popularization of the Liberty Loan has been made possible.

Banks Are Asked to Report

With the other material sent to the banks there was a form of report which it is requested that each bank return to the General Committee in New York. Statistical information as to the manner in which the Liberty Loan bonds are distributed is of much more than passing importance. How this information may be compiled by the Federal reserve banks and eventually by the Treasury Department has not been disclosed, but it is exceedingly doubtful if the information will be available for a long time after the last installment has been paid on the purchase of the bonds. Promptness in filing the reports requested will make immediately available information of vast importance not only to the banks but to the organizations which will have in charge the floating of the next loan.

The General Committee of the American Bankers Association will ask the banks for a final report after the subscriptions have been closed. This report will be more in detail than those requested at an earlier date, but if the questions asked are answered—and the questions will not be difficult—it will be possible to give an early report of the manner in which the bonds were sold.

Already several reports have been received, a number coming from small towns in a dozen states. These reports indicate very clearly that the banks are taking the bonds according to their capacity and that the number of subscribers is very small. The customary statement on the bottom of each report is that the bank is making the subscription in the expectation that it will be able to re-sell the bonds, and as evidence the requests for \$50 and \$100 bonds are very large.

Many of these banks report that they are advertising the Liberty Loan, promoting newspaper

publicity and often making personal solicitations among prospective purchasers. In one or two instances it is remarked that there is no knowledge among the people as to what the loan is for or why they should buy bonds.

So far as these reports go, they indicate very clearly that in the small towns and country districts the bonds will be in process of absorption for a considerable time to come. The banks will, therefore, be busy with their selling campaign long after the proceeds of the loan have been passed to the Treasury and expended by the government for war purposes.

The continuity of the operation of distributing bonds is not particularly encouraging. The loans of the government will overlap one another and the people will be under continuous pressure of demands for money and always more money. In the meantime the banking condition will not be so strong and the demand for rediscounts will be constant.

It is, of course, highly likely that the continuity of the pressure on the people may arouse them to a better realization of what the war means. Just now it is apparently very difficult to inject into the public mind an adequate definition of war. Popularly interpreted, war is war. The word has been before the eyes of the people for nearly three unfruitful years. They have become accustomed to it. Trench terms have passed into the every-day language and have been absorbed so that there is nothing superlative about them. War correspondents at the front do their best to translate into terms that everyone may understand what war means, but their powers of description, they admit, are wholly inadequate. The report of the capture of 10,000 men means nothing. Now and then some imaginative writer makes an estimate that the loss of 10,000 men in Kalamazoo would leave nothing but women and children in that city and Kalamazoo smiles, and the women and children wonder how it would seem if there were no men around, and go placidly about their business. Perhaps the only way to make Kalamazoo or any other city understand exactly what this means would be to take all the men away.

Spending the Money in Advance

Demands for information as to the withdrawal of the subscriptions made by banks and their customers have been frequent. The Treasury Department has issued a notice to the effect that funds would be left on deposit at the point of first collection until such time as the government needs them to meet its obligations. The war bond law provides that such deposits may be made by the government in any bank whether a member of the Federal reserve system or not and that the security against such deposits will conform to the requirements of the National Bank Act, that is, government, state or municipal bonds. The procedure by which a bank may

become a designated depository of the government is not the simplest in the world, and some study of the situation may deter many banks from going through the operation that is necessary to secure the distinction. For instance, since they were first authorized the Treasury Department has been issuing certificates of indebtedness. The maturity of the last series of an issue of this kind is July 30 and the interest rate has been steadily increasing up to three and one-fourth per cent. The amount of these certificates has now reached \$700,000,000 and it has been reported that the advances by the United States Government to the Allies will be \$400,000,000 in the month of June. With the other enormous expenditures incident to the preparation for the war the government has already incurred an indebtedness considerably in excess of \$1,000,000,000. Investment in the Treasury certificates of indebtedness has been encouraged and every issue has been oversubscribed. These certificates are exchangeable for

bonds, and as the \$2,000,000,000 of certificates authorized is intended to form a continuous and self-liquidating debt, the conversion of the certificates into bonds will come as a matter of course and thus free the Treasury so that it may go on issuing such certificates in anticipation of new bond issues.

A short pencil, a small sheet of paper and a short computation will suffice to indicate that the \$2,000,000,000 proceeds of the Liberty Loan of 1917 will have all been expended on or before August 30, the date when the last installment is due and payable.

The banks, therefore, need give less consideration to the question of retaining the proceeds of bond sales on deposit than to making preparations for the next government loan. It will, of course, be noted that at the present rate of expenditure and, in view of the fact that all the funds are to be expended in this country, the money will find its way back into the banks almost instantly.

CHARACTER OF SECURITIES FOR U. S. DEPOSITS

R. H. Treman, Deputy Governor of the Federal Reserve Bank of New York, has sent out a letter to all banks and trust companies in the New York district advising them of the character of securities which will be accepted as collateral security for government deposits under the War Loan Act of April 24, 1917. At least 25 per cent. in value of the securities deposited as collateral by any bank or trust company must consist of obligations of the United States Government, described in Paragraph A. Following is the list:

(A) Bonds and certificates of indebtedness of the United States Government of any issue, including bonds of the Liberty Loan and interim certificates for payments therefor, all at par.

(B) Bonds issued under the United States Farm Loan Act and bonds of the Philippine Islands, Porto Rico, and the District of Columbia, all at par.

(C) Bonds of any State of the United States, at market value not exceeding par.

(D) Territory of Hawaii, $3\frac{1}{2}$ per cent. bonds at 90 per cent. of par. Other bonds of said territory at market value not exceeding par. Bonds of

the Manila Railroad Company, at 90 per cent. of market value not exceeding 90 per cent. of par.

(E) Dollar bonds and obligations of foreign governments (and of the dependencies thereof) engaged in war against Germany and issued since July 30, 1914, at 90 per cent. of the market value thereof not exceeding 90 per cent. of par.

(F) County or city bonds of any county or city in the United States which are direct obligations of the county or city as a whole, at 75 per cent. of the market value thereof not exceeding 75 per cent. of par.

(G) Railroad mortgage bonds secured by direct mortgage upon lines of railroad within the United States, but not including any such bonds which on May 23, 1917, were at a market price to yield more than $5\frac{1}{2}$ per cent. if held to maturity according to standard tables of bond values, at 75 per cent. of the market value thereof not exceeding par.

(H) Commercial paper which is eligible for rediscount or purchase by Federal reserve banks, and which has been approved by the Federal reserve bank of the district in which the depository bank is located. All such paper must bear the indorsement of the depository bank.

MOBILIZATION OF GOLD RESOURCES

Wide-spread activity and interest has resulted from the resolution passed in connection with the mobilization of the gold reserves, at the meeting of the Executive Committee of the Trust Company Section, on April 10, at which time it was recommended that the trust companies of the country take immediate steps to secure amendments, where necessary, to state laws in order to permit them to carry their gold reserves on deposit with the Federal reserve banks in their several districts.

At the present time twenty-seven states permit this deposit to be made. In fourteen states no permission is given, while in eight states some doubt exists as to their being permitted to carry out the purpose of the resolution.

The Marshall bill passed in New York State has amended the banking law, thus permitting trust companies to deposit a portion of their gold reserves with the Federal reserve banks. Similar bills are pending in Pennsylvania and Massachusetts.

War Financing of the Belligerent Countries of Europe---France and Germany

BY SRINIVAS R. WAGEL

FRANCE

THERE is no essential difference in the practice of the warring countries as regards meeting war expenditure. Germany refrained from imposing any war taxes for a long time. The recent increases in taxation are intended primarily to defray the interest on the huge loans. Generally speaking, France has followed the same policy. England alone attempted to raise as much money as possible out of taxation and keep the burden of loans at as low a minimum as possible. But expenditure has become so heavy that war taxes have yielded only a relatively slight amount over the interest charges of the loan.

The financial position of France, although in no way nearly as satisfactory as that of Great Britain, has been less complicated. The occupation of French territory by the Germans early in the struggle not only made serious inroads on the national revenue, but took away that part of France which was industrial and which supplied coal and iron for manufactures for the whole country. At the very outset, France lost practically all her overseas trade; British industry was disorganized only relatively after over twelve months of warfare. Even early in 1915, France had to obtain the major part of the very necessities of life from elsewhere. Even though a capitalist nation, France did not have the same amount of resources to draw upon as England. Her foreign investments were for the most part unrealizable, because France had loaned \$4,500,000,000 to Russia, and \$1,500,000,000 in other countries in Europe, out of the \$9,000,000,000 of her total investments. France has had to be helped by England to a very large extent. The estimate of French treasury bills taken by England is placed at \$1,600,000,000.

The start of the war found France extremely unprepared from a financial point of view. For a number of years prior to the war, the Republic had been straining every nerve to meet deficits; and the portfolio of the Ministry of Finance was not considered a very desirable post in the Cabinet. The public debt of France, at over \$5,000,000,000, was larger than that of any other country in the world. The protectionist policy of the government and the want of initiative of the *rentiers* combined to retard even such industrial development as was possible. The proposal to levy an income tax on about the same scale as that of England was being discussed for a number of years before 1914.

When war was declared and German armies were sweeping over Belgium the government of France had no other recourse but to take advances from the Bank of France. The charter of the bank permitted the government, for all practical purposes, to take over its management and the disposal of funds for the benefit of the state. On August 1, 1914, the Bank of France became practically a state institution. Even the issues of the two loans, as well as the several Bons, have been made through the bank. The charter of the bank, of course, provides for the limit of such advances to the government. Prior to the war, the bank's advances to the government were limited to \$380,000,000. On three successive occasions the limit was increased until at date the bank has been authorized to advance up to \$2,280,000,000.

The only manner in which such advances could be made was by the issue of notes. The Bank of France had to use this privilege, or, to put it plainly, was forced to put out paper money to an extent exceeded only by the Bank of Russia. The gold cover for the notes was originally set at 33 1-3 per cent.; it was decreased on successive occasions to 25 per cent., 20 per cent. and 15 per cent. This decrease was not effected on the basis of any far-reaching calculations. The bank used every effort to get all the gold in the country in its coffers. A part of the gold had to be sent out to England, the United States and neutral countries for the purpose of making payments on purchases. At the same time, paper money was being used to meet the running expenses of the administration and the war. Each time the proportion of the reserve was set by the government, mainly with a view to meet prevailing conditions. The total circulation of the Bank of France on April 21 was \$3,600,000,000.

A very notable change also took place in connection with the gold cover for the Bank of France's issues. Formerly gold cover meant only the gold that was in the vaults of the bank. Since October, 1915, the bank has included as cover, gold held in its vaults, gold held abroad on its account, as well as credits arranged in foreign countries. At the moment, the total of gold held by the Bank of France is given at \$1,043,000,000, of which total, \$386,000,000 are said to be held abroad. A part of this gold has been sent to the United States; another part has been loaned to England with the stipulation that Great Britain should return it to France immediately after the war. The counting of the loan of gold, as well as the credits abroad as gold is a necessity forced on France by unfortunate circumstances.

At da'e, the advances of the bank to the government stand at \$1,910,000,000.

The methods adopted by France for meeting the war expenditure are four-fold:

1. Taxes.
2. Long-term loans.
3. Treasury bills and bonds.
4. Foreign credits.

Taxation has yielded comparatively small results even at date. This is due to the fact that even prior to the war, France had very nearly reached the limit of taxation and finance ministers were finding it extremely hard to find new sources of revenue. Up to 1916 no attempt was made to raise taxes. In the latter half of 1916 and the early part of the present year, alterations of far-reaching significance were made. An income tax was levied, and among the notable new taxes were the excess profits duty, as well as the war tax imposed on those exempt from military service. A few of the new taxes levied at the close of 1916 are interesting. Sums of three thousand francs and under are exempt from the income tax. The tax is increased from 1 per cent. on incomes of from three to eight thousand francs up to 10 per cent. on incomes over 150,000 francs. The taxes on mining royalties, carriages, horses, mules, billiard tables, clubs, associations, etc., are all doubled. The war profits duty is 50 per cent. of the profits, but profits above 500,000 francs were taxed 60 per cent. Incomes of securities, state, municipal or other bonds, have to pay from 5 to 10 per cent. Theatres, music-halls and cinematographs are also taxed. Alcoholic drinks, mineral waters, pharmaceutical products and colonial products have to pay varying duties. The postal rates have been advanced. Telegrams, telephones and money orders are also taxed. Thus the scheme of taxation in France includes practically every necessity and luxury of life.

In spite of all the additional imposts, the revenue of France has been far from satisfactory. During 1914 and 1915 both tax and non-tax revenues declined heavily, but in 1916 they exceeded the normal pre-war total. There was a decline in the receipts from almost every source of revenue, except the import duties. The revenues for the four years ending December, 1916, are as follows:

	Tax Revenue	Non-Tax Revenue
1913	\$662,720,000	\$218,500,000
1914	556,510,000	200,450,000
1915	543,400,000	194,370,000
1916	661,770,000	224,580,000

The receipts from direct sources have declined from 47 per cent. in 1913 to 39 per cent. in 1916. The customs' duties doubled in the fiscal year 1916; but there is an anomaly in France of government paying duties on its own purchases—principally in

the case of sugar. It is not expected that 1917 will show any better results than 1916, as regards the receipts from revenue.

France has issued only two loans during the whole period of the war. It must be admitted that the special condition of France precluded the successful consolidation of indebtedness on a large scale. The first loan was issued in November, 1915; it carried an interest of 5 per cent. and \$3,100,000,000 were realized. The second loan was issued in October, 1916; the interest was again 5 per cent., the issue was made at 88¼ and the amount was unlimited. The total realized on this loan was about \$2,720,000,000. It may seem surprising that France, which has long been considered a country of *rentiers* before the war, should have been unable to raise more long-term loans. The bank rate in France was usually one-half per cent. lower than the bank rate even in England. Normally, a 5 per cent. issue should have been very popular. As I have stated already, French foreign investments proved unrecalizable and the government has had to maintain payments of interest and amortization to their own *rentiers* on Russian state and railway bonds. Moreover, at no time in its history has France been aggressively interested in commerce with foreign countries, and French colonies were far from paying their own way. Under these circumstances, there was a material reduction in the amounts of money which people were able to sink in long-term loans—especially as there was a virtual stoppage of all commerce.

France was able to meet her daily expenditure mainly through treasury bills and notes, *Bons de la Defense Nationale* and *Bons de la Obligations Nationale*. For all practical purposes, there is very little difference among the three, and all of them are short-term debts. But while the *Bons* were supposed to run two or three years, the maturity of treasury bills is comparatively shorter. It so happens that recourse to those means of raising money has helped France toward keeping down the cost of interest. The treasury bills as well as the *Bons* do not carry more than 3 per cent. interest. Owing to their short maturity, the public did not have the same objection to them as to the long-term issues.

Both directly and in conjunction with Great Britain, France has availed herself of considerable amounts of foreign credits. The most important is the issue of French treasury bills in England. In March, 1916, France was hard pressed for money, especially for such supplies as had to be obtained from England and the United States. There was then no direct means of the government of Great Britain advancing money to France, nor had France in her possession, securities that were readily saleable. Both England and France were putting in the United States market as much of the American securities held by their people as could be done without

bringing about a depreciation in values. The extraordinary prosperity in the United States on account of the heavy purchases made by England and France helped considerably. But the rise in the value of the securities owned by England and France was almost trivial; there was reason to be thankful that they did not depreciate. The reason is obvious; profits in the United States were made mainly in concerns which manufactured war supplies. The favorite American securities held in Europe were mainly railroad and public utility stocks and bonds; these did not yield the extraordinary dividends which the factories manufacturing war supplies yielded. Even railway stocks and bonds would have advanced much higher but for the fact that each rise brought into the market additional British and French-owned securities. It is estimated that France has been able to sell \$1,000,000,000 worth of securities in this market. As the daily French war expenditure was increasing, and as France had to finance some of her allies, Great Britain had to come to her help. The sales of French treasury bills were encouraged by the British Government, and the British public and banks took a much larger amount than was expected. By the close of 1916, British finances had come to such a pass that it was impossible to render financial help to any other country on as large a scale as previously.

France had to buy everywhere and had to borrow wherever funds were obtainable. The necessity for such borrowing will become apparent when we know the increase in the daily expenditure. The following figures indicate the authorized expenditure up to June 30, 1917:

Five months, 1914.....	\$1,691,000,000
Fiscal year 1915.....	4,332,000,000
Fiscal year 1916.....	6,200,000,000
First six months of 1917.....	3,528,000,000
	\$15,751,000,000

Thus the total war expenditure up to June 30, 1917, will amount to \$15,751,000,000. The receipts from taxation for the whole period are only \$2,307,360,000; therefore, the French people have been able to meet only 14.6 per cent. of the authorized expenditure out of taxation.

France has obtained loans from Spain, Holland, Norway, Sweden, Denmark, as well as the United States. Most of the public debt of the Scandinavian countries was held in France before the war. By the close of 1916, nearly 75 per cent. of the public debts of these countries was transferred from France, having been bought up by the countries themselves. The estimate of Danish securities thus returned is \$180,000,000 and Norwegian securities returned \$100,000,000. The large industrial and commercial interests which France held in Scandinavia have also been returned to the countries themselves.

But the United States was the mainstay of France for the latter's purchases. France found it advantageous to combine with Great Britain with regard to such operations. The Anglo-French loan of 1915 for \$500,000,000 was the first result. But after July, 1916, the demand for money was so great that, although the purchases were made more or less jointly, separate loans were found to yield better results. The first French credit in the United States for \$100,000,000 was arranged in September, 1916. This credit was granted by the banks and bankers in this country on the collateral of French securities. Several credits totaling in all \$200,000,000 have been arranged since September, 1916, besides the credit of \$100,000,000 obtained by the government in January, 1917. The public in the United States subscribed also to the unlimited internal loan issued in October, 1916.

France played a very important part in connection with the dispatch of gold to the United States, on Allied account. Great Britain, as the banker of all the Allies, took charge of the gold, as well as the transactions. The Bank of France has up to date contributed \$400,000,000 to the pool; the arrangement is that part of the amount loaned to Great Britain should be returned by that country to France after the war. In return for the loan, England took charge of the larger part of French financing, especially in connection with purchases of foodstuffs. Munition purchases, however, were dealt with independently by France and settlements were made on separate account.

During the first two years of the war, France had to contribute toward the expenses of several of her allies, excepting England. The first loans to Italy were made by France, and even Russia obtained credits to the total of \$100,000,000, apart from the payments by France on Russian state and railway bonds. Serbia, Montenegro, the Greek Provisional Government and Roumania had accommodation from France up to the close of July, 1916. The total of such advances is estimated at \$600,000,000. Since July, 1916, however, France has been unable to finance the small nations co-operating with the Allies.

The entry of the United States into the war and the grant of the credit of \$3,000,000,000 to the Allies by the United States is even more of a god-send to France than to England. It may not be generally known that in January, 1917, elaborate preparations were made for a new internal loan. But at the last moment, the financiers induced the government to postpone the loan and not risk a failure. Strenuous efforts were being made to raise larger loans in this country and make free use of the French treasury bills in the United States. Up to date, France has only obtained \$100,000,000 from the United States Government; but it is believed

that credits to France will be larger than to any one of the Allies.

So far as can be ascertained, the war financing of France on May 1, 1917, was as follows:

National Loan 5 per cent. Nov., 1915.....	\$3,100,000,000
National Loan 5 per cent. Oct., 1916.....	2,720,000,000
Bons de la Defense Nationale.....	2,500,000,000
Bons de la Obligation Nationale.....	500,000,000
Advances from the Bank of France.....	1,910,000,000
Treasury Bills in London.....	1,600,000,000
Treasury Bills in U. S. and elsewhere..	200,000,000
Anglo-French Loan in U. S. Oct., 1915	250,000,000
Collateral Loan in U. S.	100,000,000
Collateral Loan in U. S. (Second).....	100,000,000
Different Credits in U. S.	200,000,000
Advances from the Bank of Algeria....	50,000,000
	<hr/>
	\$13,230,000,000

GERMANY

The war finance of Germany was complicated by a number of factors that German statesmen did not foresee. At the outset, Germany expected a war of short duration. It was never believed possible that the Allies would be able to strangle German overseas commerce so completely as they have done; within four days after the outbreak of the war, it was not possible for a single German ship to be in the ocean highways. Germany was cut off from intercourse or communication with the whole of the world, except with Scandinavia, Holland and Switzerland. Before Italy and Roumania joined the Allies, and Greece was not rent into factions headed by King Constantine and Venizelos, Germany was able to maintain commercial intercourse with these countries. But as payment was demanded in gold, and as the Allies were in a position to compete and take the produce of these countries, the volume of commerce possible for Germany was comparatively limited. But since Italy and Roumania entered the war, there has been no trade worth speaking of. From the Scandinavian countries, Germany purchased limited quantities of materials, mainly food-stuffs. The several restrictions imposed by the Allies, especially with regard to sales to Germany, reduced the volume of trade. The Allied policy of the blockade was to starve Germany into submission, and hence they were not going to allow the neutrals to feed Germany so long as the neutral countries had to have overseas commerce. Since the start of the submarine warfare, Germany has had practically no intercourse with the outside world.

Opinions differ as to the effect of the British blockade on Germany, but some claim that if foreign commerce had been open to Germany, she could not have enough money to subscribe to the war loans and there would have been competition as in England between industries and trade on the one hand, and the government on the other, for loans. It is also

stated that the cutting off of Germany from the rest of the world was beneficial in so far as Germany would then have purchased heavily from other countries and spent her money outside of the country; under the conditions that have prevailed, all the money has been spent within the country itself. The other argument is that Germany has been obliged to use her resources so wastefully as not only to make her impotent after the war, but also to reduce her fighting capacity. The immediate effect, of course, was to cause privation all over the country, and to make the German people feel the power of the Allies.

Like France, Germany was unable to take advantage of her foreign investments, the total of which, before the war, was estimated at over \$5,000,000,000; a very large part of this could have been realized if only Germany were able to keep in touch with the neutral markets, principally the United States. Great Britain took care that Germany was not able to dispose of her foreign securities. Several attempts were made to sell through Holland, and the total amount realized on such sales is estimated at about \$200,000,000—a comparatively trifling amount. Since Great Britain began to confiscate, all attempts to market even such securities as are suspected of being owned by the enemy have been given up.

Like France, Germany was obliged to have recourse to advances from the Reichsbank in order to finance the war at the outset. From the point of view of gold, the Reichsbank was not so favorably situated as the Bank of France. The total of gold on August 1, 1914, was \$400,000,000 and the notes in circulation were about \$450,000,000. Before September, the notes were increased by \$750,000,000. Germany financed the war by long-term loans, advances from the bank and treasury bills; but as she had enunciated from the very outset the policy of raising two loans a year, her plan was much easier than that of England or France. She arranged a machinery for floating the loans by the establishment of war loan banks and war credit banks, and the taking control of all industries and manufactures from the outset. The war loan banks and war credit banks were not utilized to such an extent as the government thought would be necessary. This is principally due to the fact that there was no overseas trade and no competition of industry with government loans.

Although Germany has had several problems in connection with the carrying on of the war, her financing was the least complicated of all. The policy that has been followed is this: The government obtained credits for expenditure for three to six months, as the case might be. Advances from the Reichsbank, as well as other banks, were taken by the government in order to defray the daily expenditure. Every March and September, the loans

were floated, and the advances from the banks reduced. The amount of the sums realized from the loans has varied from \$1,120,000,000 in September, 1914, to \$3,039,000,000 in March, 1917. The financing done through treasury bills has never exceeded \$600,000,000, principally because the loans were sufficiently large and issued at regular intervals.

The Reichsbank's note circulation has also been kept under limits; being shut off from the rest of the world, Germany had naturally less gold to avail itself of than the allied countries. The largest amount held by the Reichsbank during the war was \$625,000,000. Up to December, the Reichsbank has not had to pass the legal limit of three times the gold reserve, but since February, the limit has been overreached, and at present the note circulation at \$2,100,000,000 has only \$610,000,000 gold cover. By restricting her purchases, Germany has been able to keep the gold that she collected from the people.

Until September, 1916, no attempt was made to interfere with taxation. This was partly due to the fact that the revenues of the Imperial Government were far from elastic. The central government had always reserved for its needs indirect taxation, while the individual states relied on direct taxation. The two principal sources of new revenue at present are the income tax, and the excess profits tax—as in all other warring countries. The nationalization of several of the industries has also been profitable to the government, although the industries are not likely to benefit as a result of passing under such government control.

The finances of the government were not particularly prosperous in 1916. The main reason was that the increase in the long-term indebtedness involved heavy interest payments. Up to the close of 1915, the government was satisfied to arrange to pay interest on old loans out of the proceeds of new loans. In the latter part of last year, however, they have wisely found that such policy was unsound and some efforts must be made to pay at least interest out of revenue. Owing to the lack of communications, it is not possible to know what success has attended the efforts of the new policy of the government.

Germany has financed her allies to a certain extent, but such financing has not been a burden to her as to Great Britain. The total of sums loaned to Austria, Bulgaria and Turkey is estimated at under \$1,000,000,000. As this amount has been paid mainly in the shape of war materials, it has not only yielded profits to German industries, but has also given revenue to the government.

As far as can be ascertained, Germany's war expenditure up to the end of March was \$15,000,000,000. The details of her finances are as follows:

Imperial Loan 5 per cent. Sept., 1914.....	\$1,120,000,000
Imperial Loan 5 per cent. March, 1915.....	2,265,000,000
Imperial Loan 5 per cent. Sept., 1915.....	3,040,000,000
Imperial Loan 5 per cent. March, 1916.....	2,678,000,000
Imperial Loan 5 per cent. Sept., 1916.....	2,750,000,000
Imperial Loan 5 per cent. March, 1917.....	3,039,000,000
Loan in U. S.	10,000,000
	\$14,902,000,000

QUARTERLY RECORD OF TOTAL BANK TRANSACTIONS

Bank clearings have for many years been regarded as the best available barometer of business. There is now being compiled by the clearing houses of many of the progressive cities, a new, far more accurate and valuable line of statistics, known as "Total Bank Transactions." These figures show the actual business done in each community. If your clearing house is not reporting these figures to the Clearing House Section, it is not keeping up with the procession and you should start a movement to get your association to compile and report these figures.

The following comparative statement covers the first quarter of 1917 (January, February and March). These figures will hereafter be published each quarter:

Clearing House Association	Clearings	Total Bank Transactions
Atlanta, Ga.....	\$301,820,000	\$418,807,000
Cedar Rapids, Ia.....	31,485,000	136,918,000
Cincinnati, Ohio.....	500,017,000	1,638,946,000
Des Moines, Ia.....	108,110,000	423,955,000
Detroit, Michigan.....	665,802,000	1,499,686,000
Fort Wayne, Ind.....	23,212,000	111,888,000
Grand Rapids, Mich.....	60,756,000	142,727,000
Hartford, Conn.....	109,743,000	210,084,000

Clearing House Association	Clearings	Total Bank Transactions
Indianapolis, Ind.....	166,008,000	525,478,000
Kansas City, Mo.....	1,600,496,000	2,580,980,000
Los Angeles, Cal.....	388,403,000	679,347,000
Louisville, Ky.....	274,289,000	716,206,000
Memphis, Tenn.....	139,276,000	629,432,000
Minneapolis, Minn.....	348,036,000	1,422,215,000
New Orleans, La.....	427,457,000	848,347,000
Oakland, Cal.....	65,546,000	129,780,000
Omaha, Neb.....	423,562,000	1,084,570,000
Portland, Me.....	34,499,000	103,753,000
Providence, R. I.....	132,784,000	305,963,000
Richmond, Va.....	288,712,000	1,580,126,000
Sacramento, Cal.....	31,753,000	178,998,000
San Francisco, Cal.....	1,054,546,000	2,338,891,000
St. Joseph, Mo.....	191,241,000	962,233,000
Scranton, Pa.....	45,168,000	123,842,000
Seattle, Wash.....	233,466,000	517,599,000
South Bend, Ind.....	12,305,000	30,078,000
Spokane, Wash.....	73,652,000	184,251,000
Stockton, Cal.....	19,895,000	39,100,000
Tacoma, Wash.....	32,567,000	90,998,000
Toledo, Ohio.....	132,561,000	578,834,000
Trenton, N. J.....	30,844,000	98,944,000
Total	\$7,948,011,000	\$20,327,976,000

NOTE:—Figures for Houston, Texas, and Springfield, Mass., are not included, because the reports for those cities were incomplete

REPORT OF COMMITTEE OF TWENTY-FIVE ON THE CLEARING AND COLLECTION PROBLEM

By JEROME THRALLS, Secretary

Washington, May 10, 1917.

At the request of the Committee of Twenty-Five acting under authority from the Committee on Federal Legislation who in turn were authorized by resolution adopted by the American Bankers Association in convention at Kansas City, September last, Senator Thomas W. Hardwick, of Georgia, introduced the following amendment to section 13 of the Federal Reserve Act, in the United States Senate:

Insert at the end of section 3 of the amendment covered by S. 1796 the additional proviso: "*Provided further*, That nothing in this or any other section of this act shall be construed as prohibiting a member or non-member bank from making reasonable charges, in no case to exceed ten cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise."

This amendment was passed by the Senate. Chairman Owen of the Banking and Currency Committee opposed it. He introduced in his arguments a letter written by Governor Harding of the Federal Reserve Board dated April 13, 1917, the full text of which together with a correction of the misleading and erroneous statements it contained was printed on pages 885-6 of the May issue of the JOURNAL.

A similar amendment was offered in the House of Representatives, but was excluded on the point of order that it was not germane to the amendments then under consideration; whereupon Hon. Louis T. McFadden, Representative from Pennsylvania, offered on May 10, 1917, the following motion:

"That the managers on the part of the House be instructed to agree in conference to the substance of the following provision in the Senate amendment, being the last five lines on page 8 and the first five lines on page 9, which read as follows:

"*Provided*, Such non-member bank or trust company maintains with the Federal reserve bank of its district a balance sufficient to offset the items in transit held for its account by the Federal reserve bank: *Provided further*, That nothing in this or any other section of this act shall be construed as prohibiting a member or non-member bank from making reasonable charges, in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise."

This motion was passed by vote of 240 yeas against 117 nays.

On May 11, 1917, in an effort to get a reconsideration of the vote upon the Hardwick measure, Senator Martin, of Virginia, introduced the following letter from Governor W. P. G. Harding, of the Federal Reserve Board:

Dear Mr. Glass:

Since you were in my office this afternoon, Mr. Delano tells me that he just had a talk over the telephone with Governor Strong of the Federal Reserve Bank of New York, who calls attention to the possibility, if not strong probability of the government having to pay banks a million dollars exchange charges in connection with subscriptions to the Liberty Loan.

Assuming that the Hardwick amendment which the House has instructed its conferees to agree to, becomes a law, this estimate is based upon the assumption that one-half of the total issue of bonds will be placed outside of New York. Subscribers are permitted to make payment by their checks upon local banks properly certified and under authority given by Congress. Many of these banks would undoubtedly avail themselves of the opportunity to charge 1-10 of 1 per cent. Should this exchange charge apply to one-half of the subscriptions, the expense to the government would be \$1,000,000.

I would suggest, therefore, that you call the attention of Senator Owen to this, and suggest that he ask the Senate to reconsider the Hardwick amendment, with a view of changing it so as to prevent it from applying to transactions connected with government bonds. This, I think, would give you the opportunity that you desire to handle the matter in conference.

This letter does an injustice to and is keenly resented by the many thousands of bankers who have patriotically pledged their aid to the government and who are throwing all their energies into a campaign to make the Liberty Loan of 1917 a tremendous success. The bankers are not only giving their own services to this effort, but are giving the services of their organizations and are incurring heavy expenses. This they are doing without thought of or desire for compensation or profit. It is not reasonable to assume in view of these facts that the banks will charge exchange.

The Georgia, Mississippi, Texas and Wisconsin bankers' associations have adopted resolutions agreeing to refund any and all charges in the way of exchange that might be made by any bank in their respective states upon checks given in payment of subscriptions for Liberty Bonds. It is unfortunate that letters of this character should emanate from those in high authority at a time when every possible effort should be made to unify the banking system and marshal the banking resources in such a way as will make them available to meet in an adequate way the additional burdens that will fall upon the banks because of America's entrance into the war.

It will be recalled that Governor Harding said at Kansas City: "Section sixteen shrinks into insignificance as compared to the underlying principles

of the Federal act." It will also be recalled that an urgent appeal was made to Congress by the Federal Reserve Board through the Banking and Currency Committees of both houses for the passage of a number of amendments to the Federal Reserve Act as a part of the preparedness and war program. All important business was side-tracked and these amendments were rushed through. Why have they been held up in conference for nearly three weeks, thereby jeopardizing the interests of the entire nation? Is it merely because Messrs. Glass and Owen are opposed to the Hardwick amendment—an amendment which Governor Harding asserts pertains to a feature which shrinks into insignificance as compared to the underlying principles of the Federal Reserve Act? It is noted that a nation-wide campaign is being conducted from Washington to defeat the Hardwick amendment. The large wholesalers,

jobbers and manufacturers who are benefitting from the present collection system that saddles the expenses upon the country banks are most active. The Federal reserve banks are also taking part in it. The following is quoted from a telegram sent to a member bank by a Federal reserve bank:

"If not inconsistent with your views will you please wire your Senators and Representatives in Congress, urging reconsideration of vote on the Hardwick amendment for exchange charges."

These facts emphasize a statement formerly made by the Committee of Twenty-Five. "That the remedy is with the public and the law-makers. Once informed, both the public and the law-makers may be depended upon to do what is fair and right. It is the bankers' duty to see that they are properly informed upon the clearing and collection problem. The problem will then be solved upon its merits."

STATEMENT OF COUNTRY CLEARING HOUSES, FIRST QUARTER ENDING MARCH 31, 1917.

(This statement will appear quarterly hereafter.)

Clearing House	No. of Checks Handled	Volume of Checks	Number of banks using the Country Clearing Dept.	Number of towns upon which items are handled	Number of banks upon which items are handled	Number of letters sent out daily (Average)	(a) Operating cost per item (b) Operating cost per \$1,000
Atlanta	1,170,000	\$47,906,900.92	6	800	1200	1100	(a) .66 (b) 16.65c per M.
Baltimore	85,290	3,748,674.49	13	50	63	58	(a) .017 (b) .40
Detroit	508,283	25,048,442.17	11	550	865	525	(a) .009 (b) .201
Kansas City	816,766	33,079,245.83	14	3381	6053	1500	(a) .0083 1-3 (b) .20 65-100
Louisville	760,000	21,144,133.00	7	(not given)	(not given)	500	(a) .005 (b) .18
Nashville	488,284	167,050,957.61	5	545	908	401	(a) .006 (b) .16
New York City	2,112,564	429,719,416.42	40	429	882	827	(a) .005 (b) .025
Oklahoma City	1,064,000	3,596,306.96	7	375	775	125	(a) .0041 (b) .12
Omaha	216,578	12,072,095.54	9	364	602	500	(a) .011 (b) 17.6c per M.
Richmond, Va.	937,598	45,239,800.00	5	890	1307	740	(a) .0062 (b) .129
St. Louis	1,367,520	45,255,471.93	16	2073	3301	1625	(a) .0079 (b) .189
TOTAL	9,526,883	\$883,861,444.87	133	9,657	15,986	7,901	

KEEP THE FAST TRAINS!

Emergency conditions demand emergency measures. Some of them meet with general approval; others do not, and frequently those which arouse opposition are justifiable. In this class belongs a proposal to compel the abandonment of the twenty-hour trains between New York and Chicago, run by the New York Central and the Pennsylvania Railroad. The curtailment of this service has been suggested in the interest of economy of railroad equipment, as a part of the general scheme of mobilization of railroad resources. While the underlying idea is

commendable, merchants and business men generally are opposing the move because they feel that in these time of stress a rapid means of traveling between the two cities is absolutely essential. Frequent conferences, it is pointed out, are being held between bankers and others on the flotation of the Liberty Loan, and to put a handicap on the efforts of busy men to keep in constant personal touch with one another would be hindering the very work which is the paramount business of the country at the present time.

Executive Council at Spring Meeting Takes Up Active Work in Aiding Government Financing

Patriotism the Dominant Note Sounded by President Goebel—Presence of Reserve Board Members Aids in Reaching Understanding—Resolution Unanimously Adopted Pledges Assistance to Government in Making Liberty Loan a Success

FROM any point of view the 1917 spring meeting of the Executive Council of the American Bankers Association, held at Briarcliff Lodge, Briarcliff Manor, N. Y., May 7, 8 and 9, was easily the most important of its long and not uneventful career. In discussion of matters of national moment as well as of vital interest to the members of the Association, and in the number of Council members in attendance, the meeting surpassed all records. There were only nine absentee Council members, a total of eighty-five present in addition to the members of executive committees of Sections, etc.

First in importance was the relation of the Council meeting to the nation's war financing and more specifically to the "Liberty Loan of 1917." The presence of Governor Harding and F. A. Delano of the Federal Reserve Board gave an official cast to the deliberations of the meeting and also went far to straighten out the conflicting views of the Board and the state banks with reference to their joining the Federal reserve system. Patriotism was the dominant note throughout. It was sounded by President P. W. Goebel in his opening remarks to the Council, and the expression of his views was epitomized in the following resolution, which was adopted by unanimous vote:

Whereas, the reported subscriptions to the Liberty Loan of 1917 are now being received, and it is apparent that this and succeeding bond issues can be successfully placed only through well organized and continuous efforts, and

Whereas, the success of the government bond issues depends upon such a wide distribution of the securities offered that they will pass beyond the banks into the hands of thousands of people who have never bought bonds before, and

Whereas, it is of vital importance that the reserves of all banks—including the Federal reserve banks—be kept in a highly liquid form, to the end that their business may go on and be interfered with to the smallest possible extent by the financial operations of the government, and

Whereas, the Treasury Department, the Federal Reserve Board, and the Federal reserve banks are

now organizing for an effective distribution of these bonds; therefore

Be it Resolved, that the American Bankers Association, through its members and by the use of its official machinery in the General Offices, hereby offers to assist in the patriotic work of selling and distributing the bond issues of the United States Government; and

Be it Further Resolved, that we feel sure we can rely upon the active and hearty co-operation of all of the members of the American Bankers Association in this effort to promptly meet the financial wants of the United States; and

Be it Further Resolved, that the President and the Administrative Committee are hereby authorized to appoint a committee or committees of such sizes as they may deem necessary, from the members of the Association, to further the object of the foregoing resolution.

Further Resolved, that the President is hereby authorized to expend the necessary funds required to further the objects of this resolution.

Be it Further Resolved, that the President is hereby authorized to transmit the action of this Association to the Honorable the Secretary of the Treasury in such manner as he may deem wise.

Be it Further Resolved, that the Executive Council of the American Bankers Association pledge its unqualified and untiring support to the government in any avenue in which they might find it necessary to call upon the bankers.

This resolution was wired to Secretary McAdoo, who replied with the following telegram:

"Please assure the American Bankers Association of my deep appreciation of the patriotic resolutions just adopted and communicated to me by wire, pledging the unqualified and untiring support of the American Bankers Association in any direction where the government may find such a board of value in the great affairs which are engaging the attention of the nation. I shall avail myself of this support, because I know it can be tremendously available in the large financial operations in which the government must engage until this war for liberty has been successfully won. May I at the same time take advantage of this occasion to urge upon the American Bankers Association the superlative importance of still further strengthening the organization of the banking system of the United States by using its great influence to induce the state banks to join the national banks in making the Federal reserve system an instrument of unquestionable power to meet any emergency with which the nation

may, in the future, be faced. I regard this as one of the supremely patriotic duties of the hour. The time may come when the financial resources of the country will not be commensurate with the national purpose, if the nation remains half state bank and half national bank in its organization. The state banks will find greater security for themselves, if disaster should threaten, if they are members of the Federal reserve system; and the Federal reserve system itself will be irresistibly strong, if the state banks unite with the national banks in making them an extremely useful national instrument. I commend this question to your earnest and patriotic consideration, with the sincere hope that love of our common country should surmount every other consideration, and bring about this supremely desirable result.

“(Signed) W. G. McAdoo.”

The banquet tendered by Briarcliff Lodge was not a social event; it was an historic gathering at which Major Charles W. Gordon (“Ralph Connor”) of the Forty-third Cameron Highlanders of Canada told of the almost superhuman sacrifices that were being made in the world struggle between democracy and autocracy. His address was simply a statement of facts, a word picture of what was being enacted in the trenches and before the firesides at home, but it stirred the audience as no rhetoric could have done. Pomeroy Burton, an American who has been a resident of London for ten years and is now manager of the London *Daily Mail*, contributed a statement of the desperate situation that confronts Europe today and the tremendous efforts necessary if the war is to be won. Governor Harding touched on the financial aspects of this country's participation in the conflict, particularly in regard to the flotation of the Liberty Loan.

The Council devoted two full days to its sessions, besides the usual day given over to committee meetings. The report of General Secretary Farnsworth showed that the number of delinquent members was the lowest in the history of the Association. With a membership on April 21 of 16,640 members, the delinquents number only 179 or .0107 per cent., against a membership in 1910 of 10,950, with 243 delinquents or .022 per cent.

The insurance situation came in for considerable discussion which resulted in the passage of the following motion: “That an expression from the members of the American Bankers Association be had by referendum as to the advisability of forming either a stock company or a mutual company, controlled by the members of the American Bankers Association, to protect its members on the insurance risks of bankers, members only; and that an auxiliary committee, to be appointed by the President of the State Secretaries Section of the Association, be

authorized to secure this expression from the membership and report at the next annual convention to be held at Atlantic City.” This action does not bind the Association in any way and is solely for the purpose of ascertaining the sentiment of the membership on this important question.

The Council passed a resolution providing for an amendment to the constitution which will create a Federal Legislative Council as an auxiliary to the Committee on Federal Legislation. Similar action was taken with reference to the work of the Committee on State Legislation.

J. C. French, vice-president of the Stockyards National Bank, of Omaha, Neb., was appointed a member of the Committee of Twenty-five to fill the vacancy caused by the death of W. H. Bucholz.

The report of the Administrative Committee, presented by President Goebel, covered the interim business transacted since the fall meeting. The following reports, all of them important and interesting, were received: Finance Committee, by Charles A. Hinsch; Federal Legislation, by H. H. McKee; State Legislation, G. G. Clarabut; Agricultural Commission, Joe Hirsch; Insurance Committee, H. G. Parker; Committee on Credit Forms, W. P. Sharer; Membership Committee, Thomas P. Beal, Jr.; Committee of Twenty-five, Nathan Adams; Committee on Warehouse Receipts, W. H. Burks; Library Committee, George E. Lewis; Trust Company Section, Frank W. Blair; Savings Bank Section, George E. Edwards; Clearing House Section, W. D. Vincent; American Institute of Banking Section, E. G. McWilliam; State Secretaries Section, Wm. B. Hughes; National Bank Section, J. S. Calfee; State Bank Section, J. H. Puelicher. The reports of the General Secretary, Treasurer and Protective Committee are presented in full herewith. That all the Council sessions were fully attended up to the closing hour testifies to the interest maintained.

The members of the Council, the ladies and guests present were entertained by Mr. and Mrs. Frank A. Vanderlip at their home, “Beckwood,” on Monday afternoon, May 7, at a reception in honor of Governor Harding and Mr. Delano of the Federal Reserve Board; and again on Tuesday evening at the little theatre on their estate, “Beechwood Playhouse,” where a performance of “The Yellow Jacket” was given. After the play, there was dancing in the gymnasium, with a buffet supper. For their warm hospitality Mr. and Mrs. Vanderlip received the thanks of the Council during the closing session. Resolutions were also passed embodying the thanks of the bankers to all who had contributed to the success of the meeting and the comfort of the members.

REPORT OF THE GENERAL SECRETARY

FRED. E. FARNSWORTH

The Constitution of the American Bankers Association calling for a report by the General Secretary at this time, I present such report herewith, covering the period from September 1, 1916, to April 21, 1917.

For your convenience and information, I have had printed in pamphlet form the report of the Protective Committee, report of the General Secretary, financial statements of the Departments, Sections and Committees, report of the Treasurer, and comparative statements contrasting conditions of a year ago with those of today.

These financial reports and statements all commence with September 1, 1916, and run to April 21, 1917. In other words, the reports start with our fiscal year and continue to April 21, 1917, at which time our books were balanced for the preparation of these statements, etc.

The Treasurer's statement shows a cash balance on hand of \$92,516.37.

The balances standing to the credit of the various Departments, Sections and Committees aggregate \$83,121.12.

There will be some requests for appropriations, confined chiefly to the Sections, the Library, Committee on Federal Legislation and Protective Committee. There has never been so active a year in the various Sections of the Association. Activity requires money; and after carefully scrutinizing the bills of the Sections, I cannot find that any funds were spent unnecessarily or not for the good of the Association.

The Administrative Committee has given close attention to the many details of Association work. It has met three times since our Kansas City convention, one conference lasting two days. The Committee has also rendered several decisions (by correspondence) during the intervals between meetings. The present Committee has proved very active and ready to meet the important duties assigned it and has been of great assistance to me in handling the many matters connected with Association affairs.

I ask you to carefully follow and analyze the reports of the various Sections and Committees. You will find them not alone interesting and instructive, but they will enable you to appreciate fully the greatly increased activity in all directions.

That proper recognition should be given by the Association to our loyal membership, as contained in the State Associations, Chapters of the American Institute of Banking Section, etc., since my last report, I have attended annual banquets of the Massachusetts Bankers Association; Connecticut Bankers Association; Group I, Pennsylvania Bankers Association; Group VIII, New York State Bankers Association; Trust Companies of America; Westchester County Bankers Association; as well as banquets of the New York, Philadelphia and Baltimore Chapters of the American Institute of Banking.

I was also present at the annual mid-year conference of the presidents and secretaries of Central States Bankers' Associations, held in Chicago—a very interesting conference, which cannot but prove of benefit to those attending and to their individual membership as well. The example of these officials of Central States Bankers' associations could well be followed by the bankers' associations in other sections.

I went as a delegate to the Fourth Annual Convention of the National Foreign Trade Council, held

in Pittsburgh, Pa., on January 25 to 27, 1917; and to a conference in New York City, on March 9, called by the National Association of Credit Men to consider "trade acceptances."

The Protective Committee, selected from the personnel of the Council by the President (under our Constitution) has given careful attention to the details of the work of this important department. Several meetings have been held and the Committee proves very effective. The Protective Department continues to increase its efficiency, under the excellent work of Manager L. W. Gammon, and its records will be found complete and up-to-date in every particular. Over one hundred running feet of shelfroom has just been built for the convenient filing of the records of this Department. When in the General Offices, our members would do well to visit the Protective Department—the only way to become really acquainted with the extent of protective work and records relating thereto.

The reports of the Protective Committee and of Manager Gammon for the Protective Department indicate only a slight increase in departmental expenses, despite our healthy growth in membership. The protective feature, nevertheless, has received every attention and financial consideration possible under the rules.

The scope of protective work is broad and it is gratifying to report that few complaints regarding service are received in the course of a year. These almost invariably prove, upon investigation, to have come through lack of understanding of the rules of the Protective Committee.

The William J. Burns International Detective Agency, Inc., has now served the Association for over seven years. An organization of this character cannot be perfected in a week nor in a year. I believe, today, that Mr. Burns has the most effective combination of this character in the United States and probably in the world; and the records will show that the Burns Agency, through its wide plan of organization, is daily increasing its usefulness and accomplishing better results.

The General Counsel's report will disclose many important matters that have received his attention since our last meeting. The members continue to call freely upon the Legal Department, and General Counsel Paton, who has no equal in his work, continues to render our Association and members a service that cannot be valued in dollars and cents. Counsel Paton, who has no equal in his work, continues to add members to its rolls. Educational Director Allen (with the support of the various Institute officials) is making the Correspondence Chapter more effective. New books of instruction are being prepared and the bankers' associations in many states are now conducting the Correspondence Chapter work within their respective borders, under the direction and supervision of Educational Director Allen. This extends the field of activities of the Correspondence Chapter work considerably and a healthy increase in membership in this branch is to be expected.

The membership in the American Institute of Banking proper is now 18,691; in the Correspondence Chapter 3,514—a total of 22,205. There are seventy-six chapters in the larger cities of the country and the Correspondence Chapter—a total of seventy-seven chapters of the Institute.

The JOURNAL-BULLETIN is now issued in an edi-

tion of about 39,000 copies, an increase of some 2,000 since our annual convention in Kansas City. The demand for our monthly publication, exclusive of our own membership, is growing all the time. Editor Welton and Associate Editor Lewis are to be congratulated upon their successful administration of JOURNAL affairs, despite the handicap of scarcity of materials and high prices due to war conditions.

Since my last report, it has seemed advisable to organize formally a Department of Purchasing and Contracts. This entails no additional expense or extra working force, but means simply the segregation of purchases and contracts and the creation of a department thereby.

The Annual Proceedings of the Association for 1916 made a volume of 845 pages and was distributed early in January of this year. This volume carries over a hundred more pages than last year and those having to do with the preparation and publishing of the 1916 Proceedings are to be commended upon their worthy achievement. As in former years, full morocco bound copies were sent to officers, vice-presidents, members of the Executive Council, vice-presidents of states, secretaries of bankers' associations in the various states, and to the speakers at our Kansas City Convention—a slight token of appreciation to those who have labored for the advancement of the Association.

The Proceedings of the State Secretaries Section were again published in a separate volume, under authority given your General Secretary; and copies thereof were sent to the secretaries of bankers' associations in the various states and to ex-secretaries; also to officials of the Association.

The Association Library continues to grow in size and in usefulness as well, if judgment may be based upon the use made of the Library. A considerable quantity of new material has been added since our last meeting and for its better accommodation nearly five hundred feet of shelf space has recently been completed.

To the Library has recently come a very important addition through the acquisition, by purchase, of the library of the Hon. Alexander Del Mar. This Del Mar collection comprises several hundred books and thousands of pamphlets, manuscripts, clippings and extensive notes on subjects financial and monetary, as studied by Mr. Del Mar in the libraries throughout the world, during the past sixty years. The entire collection is indexed on about 15,000 cards, affording ready access to information on historical and current matters relating to finance, commerce, money, banking, etc., etc. The floor space formerly occupied by the New York State Bankers Association has been taken over for the proper housing of the Del Mar collection and your Association is now the tenant of the entire twelfth floor, Hanover National Bank Building. The purchase of the Del Mar library was authorized by the Administrative Committee and the purchase price was taken from the cash balance on hand for the year ending August 31, 1916. Our Librarian, Miss Glenn, has accomplished considerable towards making our Library second to none on questions of banking and finance.

The Trust Company, Savings Bank, Clearing House, State Secretaries, National Bank and State Bank Sections represent well organized sub-divisions of the Association, each specially adapted to render service to the particular class of institutions constituting its membership. Increased activity by each of these Sections has certainly made this the banner period of accomplishments in the history of the

Association, and to Section Secretaries Mershon, Harrison, Thralls, Philpott and Allen are due the congratulations and thanks of the Association for their successful administration of Section affairs down to this time.

The Special Committee of Twenty-five, appointed at the Kansas City Convention for the purpose of keeping in close touch with Federal legislation relating particularly to the interests of the country banker, has held one meeting and a large amount of work has been accomplished through the efforts of individual members of the Committee. The movement to organize a "country bankers' league" was inaugurated on March 5, 1917, in Chicago. The temporary officers of this movement, in their preliminary circulars intimated in strong language that the American Bankers Association was inactive in behalf of the country banker. Immediately there was prepared a four-page circular letter, covering very fully the activities of the Association—past, present and future—in the interests of Federal legislation and the country banker as outlined by the action taken at Kansas City. This circular letter was mailed to every bank in the United States, member and non-member alike; and, if you desire to analyze what effect this proposed country bankers' league movement has had upon the American Bankers Association, all you have to do is to study the membership figures which are embodied in this report. There are fewer delinquents than ever before in the Association's history, considering the size of the membership and the largest increase in membership during any one given period—an increase of about 150 over last year's increase, and last year was a record breaker for new members.

In this connection, I wish to express an additional word of praise and commendation to Jerome Thralls who, in addition to his duties in connection with the Clearing House and National Bank Sections, has labored with untiring energy as Secretary of the Special Committee of Twenty-five and much of what has been accomplished by said Committee is due to his efficient management.

The General Offices, including the Agricultural Commission and Insurance Committee, now have a working force of fifty persons, busily engaged in handling the varied details of Association work. Following the suggestion made by President Goebel, the heads of all Departments and Sections in the General Offices meet about every two weeks for an interchange of ideas. These meetings have proved an effective means of bringing about closer and more hearty co-operation throughout the offices.

The General Offices are well equipped for the transaction of all matters of Association business and every member, when in New York City, should not fail to visit the Association headquarters. There is much to be seen that will interest you and you are welcome to make the General Offices your headquarters for the reception of friends or mail.

It was voted, at the Kansas City convention, to hold our Forty-third Annual Convention in Atlantic City, N. J. The Administrative Committee gave careful study to conditions, climatic and otherwise, before selecting September 24 to 29 (inclusive), 1917, as the time for the meeting and the Marlborough-Blenheim Hotel as headquarters. Since the hotels of Atlantic City are so well organized (through the medium of a local hotel men's association) it was not thought necessary to have a local hotel committee for our 1917 convention; in this respect differing from our conventions of the last four years. Due provision for Council members, ex-presidents, officials, speakers and invited guests and

for the officers and executive committees of the Sections and for secretaries of the bankers' associations in the various states have been made at headquarters hotel, the Marlborough-Blenheim, in accordance with a resolution of the Executive Council. Reservation blanks have been sent to you and in most cases have been returned to the General Offices. To such as have not sent in their specification for reservation at Atlantic City, another letter and blank will be forwarded within a few days and I ask your prompt action in filling out and returning the blank.

Delegates generally to the Atlantic City convention may write direct to any hotel for accommodations. A list of hotels and their rates, during the period of our convention, was published in the JOURNAL last December.

The bankers and local committees of Atlantic City are alive to our coming and I can assure everyone of a warm welcome to that great convention city by the sea. There are many hotels offering accommodations to meet all requirements, and I understand that a large registration has been booked, even at this time.

From the convention standpoint, we shall endeavor to make the Atlantic City convention even more attractive than our last meeting; adhering closely to the policy adopted for Kansas City of making the convention one for bankers, of bankers and by bankers.

The statement of membership as published in this pamphlet is exceptionally gratifying, even when one considers these days of activity and preparation for war. Our losses by delinquents are only 179, which is twenty-eight less than a year ago and for a similar period of time. Our membership on May 1, 1917, was 16,640 and on the same date a year ago 15,518.

At this time and with a membership of 16,640 our loss by delinquents is 179 or .0107 per cent. Our percentage of loss through the same source in 1910 was .022 on 243 delinquents and a membership of 10,950.

This gratifying increase in membership is in no small degree due to the energies of our officers, Executive Council members, State Vice-Presidents and State Secretaries, our Departments, Sections and Committees. Among those deserving of special mention for their efforts in this connection are W. S. Guthrie, Executive Council member from Oklahoma, with twenty-one new members; O. T. Eastman, State Vice-President National Bank Section from Nebraska, with nineteen members; Richard S. Hawes, Executive Council member from Missouri, with seventeen members; C. E. Farnsworth, Council member from Ohio, with seventeen members; Harry Yeager, Executive Council member from Montana, with thirteen members, and the Iowa Combination eighteen members. Since September 1, 1916, the following ten states have ranked highest in acquisition of new A. B. A. members:

State	New Members	Present Membership in A. B. A.
Kansas	68	809
Missouri	67	677
Iowa	48	726
Ohio	45	666
Nebraska	43	526
Montana	40	282
Minnesota	33	547
Texas	33	600
Oklahoma	29	559
New York	27	1046

New York ranks first with 1046 members, Illinois second with 998, Pennsylvania third with 965, Kansas fourth with 809 and Iowa fifth with 726.

The newly organized State Bank Section is making splendid strides, thanks to the efficient methods of its officials and the energetic work of Mr. George E. Allen, its Secretary. This new Section has also brought many new members into the Association.

On September 1, 1916, Treasurer Wing sent out drafts for the dues and I am glad to report that members paid their dues with more promptness than ever before. The loyalty of our members is thus indicated in a most substantial and satisfactory manner.

With a membership of 16,640 on April 21, 1917, there is no question but that we should reach and pass the 17,000 mark by the end of our fiscal year, August 31, 1917.

In closing, just a word of reminder that the Executive Council authorized the use of "A. B. A. CODE USED" on the stationery of our members. This authority is not being availed of as extensively as we might desire. The universal adoption of the idea would be of distinct advantage to our membership.

MEMBERSHIP

Membership May 1, 1916.....	15,518
Lost by failures, mergers and liquidations	138
Lost by delinquents	179
	317
	15,201
Addition to membership May 1, 1916, to date	1,439
Present membership	16,640
After deducting delinquents, failures, mergers, etc., these figures show a net gain from May 1, 1916, of.....	1,122
Membership May 1, 1903.....	9,297
Membership May 1, 1909.....	10,065
Membership May 1, 1910.....	10,969
Membership May 1, 1911.....	11,698
Membership May 1, 1912.....	12,567
Membership May 1, 1913.....	13,699
Membership May 1, 1914.....	14,298
Membership May 1, 1915.....	14,790
Membership May 1, 1916.....	15,518
Membership April 21, 1917.....	16,640

MEMBERSHIP BY STATES

Alabama	170	Massachusetts	377
Arizona	84	Michigan	481
Arkansas	259	Minnesota	547
California	643	Mississippi	185
Colorado	253	Missouri	677
Connecticut	180	Montana	282
Delaware	41	Nebraska	526
District of Columbia	42	Nevada	31
Florida	201	New Hampshire	72
Georgia	362	New Jersey	331
Idaho	150	New Mexico	85
Illinois	998	New York	1,046
Indiana	416	North Carolina	209
Iowa	726	North Dakota	351
Kansas	809	Ohio	666
Kentucky	177	Oklahoma	559
Louisiana	190	Oregon	198
Maine	114	Pennsylvania	965
Maryland	196	Rhode Island	47
		South Carolina	195

South Dakota	322	Hawaii	17
Tennessee	239	Philippine Islands..	4
Texas	600	Porto Rico	12
Utah	87	Canada	45
Vermont	78	Cuba	22
Virginia	269	Isle of Pines.....	1
Washington	329	Mexico	10
West Virginia	218	Panama	4
Wisconsin	414	Santo Domingo.....	5
Wyoming	99		
Alaska	17	Total	16,640
Canal Zone	1		

All of which is respectfully submitted.

REPORT OF THE PROTECTIVE COMMITTEE

The Protective Committee submits herewith its semi-annual report for the period covered from September 1, 1916, to March 31, 1917.

ARRESTS

For the period from September 1, 1916, up to and including March 31, 1917, the Committee begs to report as to its operations against criminals, as follows:

Total cases not disposed of, arrested prior to September 1, 1916	113
Total arrests since September 1, 1916.....	249
	362
Convicted	152
Released, escaped, insane and died.....	76
	228
Awaiting trial	134

Since September 1, 1916, up to and including March 31, 1917, there have been burglaries and attempted burglaries on members, and similar crimes on non-members, as follows:

	Members	Non-Members
Arizona	1	
Arkansas		1
California	1	1
Colorado	2	
Idaho	1	
Illinois	5	9
Indiana	2	5
Iowa		2
Kansas	3	4
Michigan	3	2
Minnesota		1
Missouri	2	1
Nebraska	2	4
New York		2
North Dakota		2
Ohio	7	4
Oklahoma	3	12
Tennessee	1	
Texas		1
Washington	1	
Wisconsin		1

Of the attacks on members 14 were successful burglaries, 20 unsuccessful.

Of the attacks on non-members 31 were successful burglaries, 21 unsuccessful.

The loss sustained by members in connection with burglaries was \$31,558.02, while the loss sustained by non-members amounted to \$52,506.11.

There have been 23 hold-ups on members with a loss of \$54,718.20, also one sneak thief with no loss (money recovered).

During the same period there have been 26 hold-ups on non-members with a loss of \$78,311.75, also one sneak theft, \$200. Our members, as a rule, report all attacks on them, also the exact loss sustained; while on the other hand non-members rarely report attacks on them, or the loss sustained, with the result that we do not obtain a record of some of these attacks or losses.

The following figures are given for your information of reported burglaries, and attempted burglaries, on banks since the inauguration of the Protective Feature, such as are known:

Non-Members	1591	Loss	\$2,242,944.83
Members	485	Loss	298,359.22
Difference	1106		\$1,944,585.61

There has been no marked increase in the number of forgers and bogus check operators, as far as the professional operators are concerned, for the past seven months. In fact, 75 per cent. of such operations are those of amateurs.

CORRESPONDENCE

During the past seven months ending March 31, 1917, the Protective Department has received 19,267 reports and other communications from our Detective Agents. The Department has also received 576 letters and telegrams, and written 1,200 letters and telegrams. These figures do not include circular letters and similar communications.

PHOTOGRAPHS.

The Department now has 5,325 photographs of criminals, comprising burglars, hold-up men, sneak thieves, forgers and bogus check operators, with a complete record of each.

OFFICES OF OUR DETECTIVE AGENTS

The William J. Burns International Detective Agency, Inc., now have twenty-three offices of their own in this country, as follows: Birmingham, Alabama; Los Angeles and San Francisco, California; Denver, Colorado; Chicago, Illinois; New Orleans, Louisiana; Baltimore, Maryland; Boston, Massachusetts; Detroit, Michigan; Minneapolis and St. Paul, Minnesota; Kansas City and St. Louis, Missouri; Buffalo and New York City, New York; Cleveland, Ohio; Portland, Oregon; Philadelphia and Pittsburgh, Pennsylvania; Providence, Rhode Island; Houston, Texas; Seattle and Spokane, Washington, and one correspondent at Des Moines, Iowa. They also have five special representatives, C. E. Sears, c/o Hotel Albert, Jacksonville, Florida; A. B. Cooper, 908 Colcord Building, Oklahoma City, Oklahoma; M. W. Williams, 408-409 Bank of Commerce & Trust Building, Memphis, Tennessee; P. R. Schumacher, 601 Young Street, Dallas, Texas, and William Duffy, 534 South 2nd East Street, Salt Lake City, Utah.

They also have offices of their own in Montreal, Canada, and London, England.

THE PROTECTIVE COMMITTEE,

FRED. E. FARNSWORTH, *Secretary.*

REPORT OF THE TREASURER, E. M. WING.
FINANCIAL STATEMENT SEPTEMBER 1, 1916, TO APRIL 21, 1917, INCLUSIVE

RECEIPTS		DISBURSEMENTS	
Cash balance	\$31,264.22	Account membership signs	\$261.79
Interest on bank balances.....	2,185.64	Office fund	1,000.00
Interest on stocks and bonds.....	3,085.00	Refund of dues 1916-1917, overpaid.....	55.30
Extra guests, Convention	1,670.00	Rent, general offices	4,066.69
Account sale, general proceedings	33.50	Salaries	21,116.17
Account postage, stationery and printing	51.84	Postage, stationery and printing (\$1,367.10 of this amount applies on 1915-1916)	5,903.22
Account sale telegraphic cipher codes.....	40.00	Publishing and distributing Annual Proceedings	13,457.89
Account Trust Co. Section, special account	66.00	Executive Council, Vice-Presidents and State Secretaries securing new members	599.19
Account Savings Bank Section.....	87.02	Furniture and fixtures for general offices and sections	979.07
Account Savings Bank Section, special account	56.00	Extra office help	199.45
Account Clearing House Section.....	10.00	Telephone and telegrams	521.20
Account Clearing House Section, book of forms	60.00	Treasurer collecting dues (1916-1917)....	253.44
Account State Bank Section	2.60	Convention expenses	3,562.88
Account American Institute of Banking Section	466.03	Silver Service presented to retiring President	419.10
Account Agricultural Commission	3,000.00	Auditors for 1915-1916 (Marwick, Mitchell, Peat and Co.).....	100.00
Account Traveling Expense	50.36	Extra guests, Kansas City Convention....	1,510.00
Account dues (1915-1916)	40.00	Traveling expenses	518.06
Account dues (1916-1917)	252,754.47	Premium on officers' bonds.....	106.25
Account dues (1917-1918)	290.00	Telegraph cipher codes	1.00
Account sundry small items.....	12.74	American Institute of Banking Section....	7,351.53
		Savings Bank Section	8,492.64
		Savings Bank Section, special account....	1.68
		Legal Department (\$517.51 of this amount is on account "Digest of Opinions")	12,452.56
		Protective Committee	42,511.89
		Clearing House Section	4,739.82
		Trust Company Section	5,529.51
		Department of Public Relations.....	4,523.63
		National Bank Section	5,066.75
		Insurance Committee	2,667.70
		Journal of the American Bankers Association	28,200.00
		Administrative Committee	576.27
		Agricultural Commission	6,336.71
		Library (\$5,148.63 applies on the purchase, insurance and moving of the Del Mar Library)	9,945.11
		State Secretaries Section	648.25
		Committee on Federal Legislation.....	1,949.87
		Committee on State Legislation.....	47.35
		Special Committee of Twenty-Five.....	3,147.85
		Efficiency Committee	235.06
		Purchasing and Contract Department....	321.74
		State Bank Section	3,305.89
		Committee on Credit Forms.....	98.73
		Clearing House Section book of forms....	1.53
		Interest, discount and exchange.....	2.06
		Sundry items, general supplies, repairs, etc.	924.22
		Balance on deposit in Bavarian National Bank, La Crosse, Wis.....	\$41,607.09
		Balance on deposit in Continental and Commercial National Bank, Chicago, Ill.	30,000.00
		Balance on deposit in National Bank of Commerce, New York, N. Y.....	20,909.28
			92,516.37
			\$296,225.42
			\$296,225.42

REPORT OF THE TREASURER (continued)

Note.—Cash balance in Batavian National Bank, La Crosse, Wis.....	\$41,607.09
Cash balance in Continental and Commercial National Bank, Chicago, Ill.....	30,000.00
Cash balance in National Bank of Commerce, New York, N. Y.....	20,909.28
Cash on hand in Office Fund.....	1,000.00
Cash on hand in Journal Fund.....	80.23
Cash on hand in Clearing House Section.....	539.68
Total	94,136.28

Note.—The treasurer holds for investment the following:

	Par Value	Carried on Books at	Market Value	Cost
Chicago, Burlington and Quincy, Ill., Division, 4's due 1949	\$50,000.00	\$47,400.00	\$46,000.00	\$50,843.75
Chicago, Burlington and Quincy, Joint 4's due 1921	12,000.00	11,600.00	11,520.00	11,559.09
Atchison, Topeka and Santa Fe, General Mortgage 4's, due 1995	30,000.00	28,500.00	27,375.00	30,825.00
New York City Corporation, Registered 3½'s due 1940	30,000.00	26,500.00	27,150.00	25,506.67
	<u>\$122,000.00</u>	<u>\$114,000.00</u>	<u>\$112,045.00</u>	<u>\$118,734.51</u>

WHAT THE SECTIONS DID AT BRIARCLIFF

SAVINGS BANK SECTION

Every member of the Executive Committee of the Savings Bank Section was present at its annual spring meeting in Briarcliff Lodge, Briarcliff Manor, New York. Perhaps never in the history of the Section has there been such an interesting meeting.

The results reported by the various committees evidenced efficiency and real service rendered to members. Reports were received from the Committee on Propaganda which described the work of the thrift campaign, the publication of a Bibliography of Thrift, the results of the "Dollar and the Law," the official film of the nation-wide thrift movement, and the work of establishing school savings banks. The Committee on Savings Legislation explained the work of the preparation of the argument to be presented to the Newlands Congressional Committee, pleading for the release of the railroads from the vexatious multiplication of masters to whom they must now pay tribute; also an amendment to the Federal Reserve Act which was proposed by the Federal Reserve Board, offering membership in the system to the mutual savings banks, that they may be admitted to associate membership upon certain reserve provisions. It was further explained that this amendment was voted down in committee. Chairman Robinson also reported the protest of the committee against the passage in the California Legislature of a bill proposing an increase in the legal debt limit of municipalities in that state.

Chairman Beckwith of the Membership Committee reported a total membership enrolled in the

Savings Bank Section of 3,689, being a net gain since the Kansas City meeting of 252 banks. He also reported that three separate campaigns had been conducted, one for mutual savings banks, which resulted in thirteen new members; one for stock savings banks, and another separate campaign in Iowa by John Burianek, Jr., Vice-president of the Savings Bank Section for that state. The result was fifty-two new members.

The program for the Atlantic City convention was discussed and the matter of preparing the program was left in the hands of the Administrative Council of the Savings Bank Section.

The meeting, which extended over two days, discussed at some length the National Thrift Bond Corporation, the Morris Plan of Industrial Loans, School Savings Plans and costs, the railroad situation as it affects securities held by banks, developing the mutual savings bank, co-operation of the Savings Bank Section with the State Savings Banks Association, plan for the flotation of the war loan. To this last subject many hours of discussion were devoted, which resulted in the President including in his report to the Executive Council the following paragraph:

"The success of war loans will depend upon the thrift of the people; it will depend upon whether the people economize; whether they curb expenditure and place their surplus income into the loans for the support of the government. We have committees already organized in California, Colorado, Connecticut, Georgia, Indiana, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi,

Missouri, Montana, New Mexico, North Dakota, South Carolina and Texas. With the support of the Executive Council it will not take very long to organize in the remainder of the states. The Association doubtless will be of great assistance to the government in other ways than promoting thrift, but as for the Savings Bank Section, we are desirous of placing our entire activities, and here now offer them, to this Council in a great nation-wide effort to inculcate in the mind of the public thrift and economy, so that the people will curb expenditure and place their surplus income at the disposal of the government."

There being a vacancy on the Executive Committee, and in accordance with the by-laws, the Executive Committee elected S. Fred. Strong, treasurer of the Connecticut Savings Bank, New Haven, Connecticut, and president of the Connecticut Savings Banks Association, as a member of the committee to fill the unexpired term of George E. Edwards.

STATE BANK SECTION

A meeting of the Executive Committee of the State Bank Section of the American Bankers Association was held at Briarcliff, May 7. President Puelicher presided and the members present were Messrs. Huxford, Hazlewood, Armstrong, McDougal, Moehlenpah and Scoville. The Secretary presented a report of the responses to the questionnaire submitted to State bankers in regard to what relationship, if any, should exist between state banking institutions and the Federal reserve system. The Secretary reported that 736 answers had been received. Following is a list of the questions asked and a synopsis of the responses:

QUESTION 1.—*Assuming that some changes agreed upon by state bankers are made in the Federal Reserve Law and its administration, should state banks consider joining the Federal reserve system for the purpose of strengthening banking and commercial conditions in the United States?* Answers: Yes, 532; no, 117; non-committal, 87. Responses indicate a generally favorable attitude toward the Federal reserve system but a disposition to wait for legislative action.

QUESTION 2.—*Should banks of less than \$25,000 capital be eligible for membership in the Federal reserve system?* Answers: Yes, 368; no, 294; non-committal, 74. Few of the answers were accompanied by comments.

QUESTION 3.—*Would it be right and proper for Federal reserve banks to pay interest on the balances of member banks?* Answers—Yes, 534; no, 82; non-committal, 120. The trend of opinion on this question is indicated in the following communications:

1. "I do not consider it right in theory for the reserve banks to pay interest on balances. By doing so they are put in competition with the member banks from the fact that they must make loans in the open market in direct competition with the mem-

ber banks; it also has a tendency to tie up their funds not keeping them as liquid as they should be for an emergency."

2. "We can see no reason why it would not be right and proper for Federal reserve banks to pay interest on bank balances. It might necessitate the raising the rate of discount to some extent in order to make expenses and pay dividends, but it would undoubtedly induce a much heavier deposit and would enable the bank to do a much heavier rediscount business in case there was a demand for it."

QUESTION 4.—(A) *Do you consider satisfactory the regulations of the Federal reserve system governing the supervision and examination of state bank members?* Answer "Yes" or "No." (B) *If such regulations are not satisfactory, what changes would you recommend?* Answers—Yes, 404; no, 240; non-committal, 92. Many correspondents suggest that the regulations of the Federal Reserve Board regarding supervision in examination of state institutions should be made more permanent by specific amendments to the Federal Reserve Act.

QUESTION 5.—(A) *Do you consider satisfactory the conditions under which state bank members of the Federal reserve system are permitted to make loans on real estate security?* Answer "Yes" or "No." (B) *If such conditions are not satisfactory, what changes would you recommend?* Answers—Yes, 350; no, 299; non-committal, 87. Negative comments were that existing state laws regarding real estate loans were better adapted to local conditions than the provisions of the Federal Reserve Act and that experience had proved such state laws satisfactory both to banks and the public.

QUESTION 6.—(A) *Are the reserve requirements of the Federal reserve system suitable for your community and your institution?* Answer "Yes" or "No." (B) *If such requirements are not satisfactory, what changes would you recommend?* Answers—Yes, 496; no, 149; non-committal, 91. The categorical answers generally referred to the amount of reserves required under the Federal reserve system rather than to the institutions in which they should be kept.

QUESTION 7.—(A) *Are the loan limitations prescribed by the Federal Reserve Act suitable for your community and your institution?* Answer "Yes" or "No." (B) *If such loan limitations are not satisfactory, what loan limitations would you suggest?* Answers—Yes, 239; no, 421; non-committal, 76. A large majority of answers expressed the opinion that respective state laws should govern limitations on loans.

QUESTION 8.—*What, if anything, can be done to avoid competition between Federal reserve banks and other banks?* Answers to this question were generally suggestive that the Federal reserve banks should confine their activities as far as possible to discounts for member banks and transactions of the United States government.

QUESTION 9.—*What, if any, changes in the Federal Reserve Act, or in its administration, are needed to incline your institution to become a member of the Federal reserve system?* A majority of replies to this question were in the form of objections to (1) dual state and Federal supervision and examination, (2) limitation of loans, and (3) the Federal reserve plan of par collections.

The fact is evident that opinion among state bankers in regard to membership in the Federal re-

serve system, as expressed in the questionnaire submitted by the State Bank Section, is lacking in unity, but the principal objections to membership pertain to complications incident to dual Federal and state supervision and to loan limitations prescribed by the Federal Reserve Act. In an informal way such objections have been communicated to members of the Federal Reserve Board and members of Congress. Coincident with the work of your committee, and perhaps partially on account of it, important amendments to the Federal Reserve Act have been proposed.

By invitation Governor Harding and Mr. Delano of the Federal Reserve Board attended the meeting of the Executive Committee of the State Bank Section and discussed fully and freely the proposed amendments to the Federal Reserve Act. Members of the Executive Committee made suggestions that would facilitate the withdrawal of state institutions from the Federal reserve system. The committee also explained that they were personally in favor of amendments to the Federal Reserve Act that would permit reasonable charges for exchange, but in view of the fact that the exchange matter was in charge of the Committee of Twenty-five appointed by the American Bankers Association at its Kansas City convention, the State Bank Section purposely refrained from participating in this connection. Messrs. Harding and Delano assured the committee that all of the suggestions made would receive due consideration. Subsequently the committee adopted the following preamble and resolution:

WHEREAS, the amendments to the Federal Reserve Act, covered in Bill S. 1796 and its accompanying changes as further amended by this committee in conjunction with Governor Harding and Mr. Delano of the Federal Reserve Board, successfully eliminate most of the principal objections to the Federal reserve system made to this Committee by the state banks of the United States in answer to its questionnaire; therefore be it

RESOLVED, That this Committee recommend to the state banks of the United States that they consider carefully the Federal Reserve Act and its amendments after the amended bill referred to has become law, with the thought of joining the system (if they feel warranted in doing so) in order to strengthen the banking power of the United States of which they are so important a part.

The vote on the adoption of the foregoing preamble and resolution was unanimous. Mr. Butler of Texas, the only absentee, had previously endorsed the substance of the preamble and resolution in a strong letter.

TRUST COMPANY SECTION

The Executive Committee of the Trust Company Section at its Briarcliff meeting considered reports from the various sub-committees, and reviewed the work which had been accomplished by the Committee over the six months' period since the Kansas City convention and the special features now confronting the country respecting the unusual

financial demands arising as a result of the country's entrance into the war.

In this connection the Committee passed a resolution pledging to the Hon. William G. McAdoo, Secretary of the Treasury, assurance of the fullest co-operation on the part of the trust companies of the United States in the flotation of the Liberty Loan and instructed the Chairman of the Committee to send to Secretary McAdoo the following telegram:

"I am instructed to transmit to you the following preamble and resolutions adopted by the Executive Committee of the Trust Company Section of the American Bankers Association today:

"Whereas, the \$2,000,000,000 Liberty Loan of 1917 has been offered for public subscription by the Secretary of the Treasury, and

"Whereas, a prompt and liberal response thereto is not only desirable but urgently necessary, therefore be it

"Resolved, that the Executive Committee of the Trust Company Section of the American Bankers Association, assembled in its annual spring meeting, does hereby pledge to the Honorable William G. McAdoo, Secretary of the Treasury, the assurance of the fullest co-operation on the part of the trust companies of the United States to make this loan a complete success, and be it further

"Resolved, that the Trust Company Section urges upon its members throughout the United States that they not only liberally subscribe thereto themselves, but request their depositors and clients to do likewise."

To the above telegram Secretary McAdoo made the following reply:

"Your telegram of the seventh instant has just been brought to my attention. Will you kindly convey to the members of the Trust Company Section of the American Bankers Association my deep appreciation of the generous and patriotic support they have pledged to the Government in the great financial operations incident to the war for liberty and democracy in which we are engaged. Such assurances of support make the success of the Liberty Loan certain. I shall not hesitate to avail myself to the fullest measure of your co-operation in the great work that lies ahead of us."

In addition to the important role taken by the trust companies of the country in subscribing on their own account and assisting their customers and communities to purchase Liberty Loan bonds, the opportunity looms large for service through a greatly increased use of their regular facilities as a direct result of war.

As counsellors in private, business and professional affairs; as custodian, guardian, committee, treasurer, trustee under Deed or Agreement covering many varieties of "living" or "voluntary" trusts, as well as executor or trustee under will or by court appointment, these institutions will be called upon during the coming days to serve the families and interests of men who volunteer, or are called upon to participate in actual warfare.

That many companies have already anticipated

the service which they would and should be called upon to perform, is evidenced in the character of advertisements appearing in many parts of the country. Much of the uncertainty now existing may be removed from the minds of men anticipating service under the flag, as well as the members of their families or business associates, through a more wide-spread presentation of the fact relating to the record of those companies as protectors and conservators of wealth and property.

NATIONAL BANK SECTION

Messrs. Brown, Calfee, Cox, Hyde, Sands, Smith and Van Deusen, members of the Executive Committee of the National Bank Section, in session at Briarcliff, May 7 and 8, 1917, made their semi-annual inspection of the work performed, and mapped out the work to be undertaken during the remainder of the year.

The report indicated that the officers of the Section had, during the year, taken up with officials and heads of various departments of the government, a great number of technical questions on behalf of the members; also, that they had adjusted many difficulties for the members that required personal visitation to the Capitol.

The Section has enrolled in its membership 5,968 banks, having added to its membership from September 1, 1916, to April 30, 1917, 272 national banks; obtained for the American Bankers Association proper, in addition, thirteen state banks and trust company members, and brought back into the Association sixty delinquent members; 1633 national banks are not members of the American Bankers Association.

The Section co-operated closely during the year with the Committee on Federal Legislation, and with the various other committees, sections, and departments of the Association.

A resolution was passed, pledging the support of the Section to the Treasury Department, the Federal Reserve Board, and the Federal reserve banks in making the Liberty Loan of 1917 a tremendous success, and urging that so far as possible, the funds in payment of the loan be redeposited in the local banks, so that there shall be the least possible disturbance to the business funds of the country. Copies of this resolution were transmitted to the Treasury Department, the Governor of the Federal Reserve Board, and the Comptroller of the Currency, who promptly responded with expressions of satisfaction and gratitude. In carrying out the purpose of this resolution, the machinery of the Section was placed at the disposal of the President of the Association and the Administrative Committee.

It was the consensus of opinion of the Committee that the expense of printing the annual proceedings was not justified, and that the Section should hereafter undertake to determine at each

convention as to what, if any, of its proceedings should be printed for general circulation.

The Section recommends the adoption by the Association of the idea that all forms that are hereafter recommended by the Sections or the Association proper, be made up in uniform, loose-leaf style, so that they may all be assembled in one binder, and any form that becomes obsolete can be replaced, or any new forms that may be evolved, may be furnished, thereby obviating the necessity of reprinting the entire book of forms every few years.

A strong resolution was adopted, pledging the assistance of the Section in providing ways and means of unifying the banking system of America.

Resolution and Memorial

In Honor and Memory of William H. Bucholz

Whereas, The National Bank Section of the American Bankers Association, through the death of William H. Bucholz, has suffered the loss of one of its ablest advisors, a most ardent worker, and a staunch friend; Therefore, be it resolved, That the Executive Committee of the National Bank Section pay tribute to his memory by transmitting the following memorial to his family; Further, be it resolved, That this resolution and the memorial be spread upon the minutes of this meeting:

MEMORIAL TO WILLIAM H. BUCHOLZ

William H. Bucholz, vice-president of the Omaha National Bank of Omaha, Nebraska, and a member of the Executive Committee of the National Bank Section, American Bankers Association, died on the twenty-second day of April, 1917.

When the Section was organized during the Seattle Convention of the American Bankers Association in 1915, Mr. Bucholz took a prominent part in the proceedings, and was elected a member of the new Executive Committee. He was born in Nebraska and started his banking career in the Norfolk National Bank of Norfolk, Nebraska, in 1836. In 1904 he went to Oakland, California, as vice-president of the Central Bank of that city, and two years later returned east to Omaha as cashier of the Omaha National Bank, being promoted four years ago to the vice-presidency of that institution.

In local affairs he was a leader, a banker renowned for his integrity, ability and wide vision. In the relatively short time Mr. Bucholz was connected with the Association's activities he had come to be depended upon for his fair judgment and prompt action. His singular devotion to the highest ideals of the banking profession and his wide experience peculiarly fitted him to play no small part in the councils of the National Bank Section, which in turn endeared him to his many friends throughout the country, and will long be remembered by us.

The general plan of program for the Atlantic City convention will include the report of nine committees, from five to eight members each, of high-grade bankers, upon the subjects of:

(a) Acceptances, (b) amendments to the National Bank and Federal Reserve Acts, (c) commodity paper and paper eligible for rediscount with Federal reserve banks, (d) Federal reserve clearing

and collection system, (e) international relations and dollar exchange, (f) national bank examinations, (g) reserves, (h) savings departments and real estate loans, supplemented with addresses by two prominent men, one upon the subject, "Problems Relating to Financing the American Government," the other, "Problems Relating to Financing Foreign Governments."

It was decided that the Section should devote its energies during the remainder of the year to questions of common interest and importance to national banks, with the view of strengthening and improving the banking system to a degree where it will be able to adequately meet and handle the trying situations that will arise because of the entrance of America in the world's war.

CLEARING HOUSE SECTION

Messrs. Crane, Fulton, Hutcheson, McAdams, McHugh, McNally and Vincent, at the regular meeting of the Executive Committee of the Clearing House Section, Monday morning, May 7, 1917, at Briarcliff Lodge, turned the ex-ray upon the report covering the activities of the Clearing House Section.

They found that through the mid-winter Conference of Clearing House Examiners and Managers, held in St. Louis March 6 and 7, 1917, many new ideas of value to clearing houses and to banks generally had been evolved and put into operation. It was decided that the next meeting of examiners and managers will be held at Atlantic City, September 24, next. There will be two sessions, one given over entirely to the examiners, the other to the managers. These bodies will bring into the general meeting of the Section, their recommendations upon the questions they have considered.

During the year a country clearing house was organized at Baltimore, Md.; four small clearing houses have been formed, many others are under way of organization; three clearing houses have joined the Section; two additional cities, Louisville, and Tulsa, Okla., have adopted the plan of reporting total bank transactions; 194 clearing houses are members of the Section; eleven operate country collection departments; nineteen maintain examination departments; the Detroit association has organized a credit department; Detroit, Kansas City, Louisville, Oklahoma City, Spokane, St. Louis and Tulsa have inaugurated the scheme of special clearing for return items or "go-backs"; the clearing houses of Chicago, Davenport, Ia., Kansas City, Oklahoma City and Tulsa, have adopted the clearing house emblem—the banks in most of these cities accompanied the installation of the emblem with a pub-

licity campaign designed to inform the public as to the true functions of banks, and the value and relations of clearing houses to the communities they serve; the clearing houses in a number of cities in Pennsylvania have expanded their operations to include all banks in their respective counties; the Universal Numerical System, and the No-Protest Symbol Plan are rapidly developing.

The general plan submitted through the office conference of the American Bankers Association, providing that all forms suggested by the Association for the use of its members, be made in uniform, loose-leaf style, so that all forms supplied by the various Sections of the Association, and by the Association proper, to any one bank may be placed in one binder, was approved; the forms to be gotten up in sets, those for the use of: (a) Clearing houses, (b) national banks, (c) savings banks, (d) state banks, (e) trust companies, (f) savings departments of national banks, (g) special forms for the use of national banks that perform the functions of trustee, executor, administrator, etc.; a list of these forms to be made and published, the forms to be sold at so much per form or per set. In this way, any bank that desires to purchase only the forms for the use of national banks may do so, or if they desire all of the forms, they can get them but will be relieved of paying for the coverings of two or three morocco-bound books. Further, when forms become obsolete, they can be removed and new and up-to-date forms can be furnished in their stead, thereby obviating the necessity of publishing entirely new books of forms every few years.

The various committee reports indicated the work of the Section is in good shape, and that it is a very helpful factor in improving the methods, systems and practices among banks.

A resolution was adopted, placing the facilities of the Section, its effective machinery and its members, at the disposal of the President and Administrative Committee of the American Bankers Association, to assist the government in the flotation of the Liberty Loan of 1917.

Arrangements for the program for the Atlantic City convention were placed in the hands of the officers of the Section.

The Section will throw its efforts in the direction of encouraging clearing house examinations, country clearing houses, the No-Protest Symbol Plan, standardization of credit forms, special clearing of "go-backs," reporting total bank transactions, and such additional ideas as may be suggested from time to time that will facilitate clearing house work, or aid the banks generally in the handling of their rapidly increasing volume of business.



Government's Plans Taking Shape for Supplying the World's Larder

BY HOMER JOSEPH DODGE

Editor The Bankers' Information Service

AT the opening of the 1917 planting season President Wilson issued an executive order suspending the provisions of a law prohibiting work days of more than eight hours for labor engaged upon government contracts in so far as such contracts provided for the handling and distribution of seeds for food crops. With that action the work of the Federal Government looking toward swift and greatly increased production of foodstuffs began. Since then the Department of Agriculture has entered upon a spirited campaign to bring home to the American farmer the need for increasing the national food supply and to the American citizen and especially the housewife the need for conserving such supply as may be delivered.

With the entrance of the United States into the war against Germany all the nations of the world allied against the Imperial German Government have turned toward this country as the storehouse which must do the rationing of their armies and, to a large extent, their remaining civilian populations. Lest the United States be found unequal to this task, every effort which the Federal Government is capable in its present state of organization to put forth is being made. The task of increasing food production and of conserving supplies naturally fell to the Department of Agriculture and that branch of the public service has completely laid aside the leisurely methods of peace times and is engaged upon the task of producing two or three meals where but one was produced before.

Secretary of Agriculture David F. Houston early took the stand that increased production is not more important than prevention of waste. It is estimated that each year the United States wastes enough food to feed the entire population of Germany. This waste occurs not only in the gilded restaurants of the large cities but in the average American home, according to Secretary Houston. He declares that practically every housewife annually wastes many dollars worth of broken meats which could be conserved by the exercise of a reasonable amount of care and thrift. This waste, says Mr. Houston, is the first thing to strike at.

There also is consummate waste in the ordinary American process of production, according to the Department of Agriculture. Loose farming yearly results in the loss of large percentages of potential yield. These leakages must be checked, the Department says, and then, with these two avenues of

profligacy closed the country may profitably take up the task of actually producing more foodstuffs.

No great event ever transpires to affect the American people but straightway innumerable remedies are prescribed and, as a rule, are administered. If a ship sink, laws are enacted, new safety devices invented, new rules of conduct promulgated and vast quantities of advice given. An avalanche of remedy may be counted upon following every catastrophe. Thus, when it was seen that the United States was short of food upon her entry into the war, remedies were forthcoming from every corner. And, perhaps because this is an age in which the virtue of intensive organization is especially relied upon, a wave of intensive organization swept the country. The fact that at first this was disorganized was not generally taken into consideration.

It was seen that more food must be grown; that the nation must be intensively organized to produce more for human consumption. So golf courses were plowed up; parks were spaded and raked; bleak, sandy light-house reservations were planted; hundreds of thousand of acres of the public domain in the heart of the arid desert were turned over and every tree-box and plot of ground in the cities was seized upon as a potential garden-spot; while millions of acres of land in the east lay fallow and fat, farms throughout the country were but half tilled.

To bring order out of this situation and actually intensively organize the American people so that they may soberly go about the business of increasing food production and conserving food supplies has become the task of the Department of Agriculture.

This is what the Department of Agriculture has done and is doing:

First, Secretary Houston realized the importance of obtaining expert assistance in the work before his Department. He provided three additional assistants to the Secretary. They are Dr. Beverly T. Galloway, formerly Assistant Secretary of Agriculture and later Dean of the Cornell Agricultural School; R. A. Pearson, president of the Iowa State College of Agriculture, and Dr. Alonzo E. Taylor, professor of physiological chemistry at the University of Pennsylvania. Dr. Galloway is the Department's representative in work connected with the Council of National Defense; Mr. Pearson assists the Secretary in keeping in touch and co-operating with state governments and organizations, and Dr. Taylor is looking after the increase in the production of food and its conservation.

The Department set to work immediately to check the hysteria which was rapidly growing in the country over the much talked of food shortage. Then an active propaganda looking toward the conservation of food supplies was started. The Department, working through the press associations, the newspaper correspondents and the farm press, spread information on how the housewife may save. The Office of Information of the Department started several weeks ago and still is continuing a "Thrift Series" of special articles designed for use in farm papers, showing in intimate detail how food supplies may be conserved. Instructions are carefully given on how to prepare cheap foods and utilize every particle of nutriment in them. This series includes instructions on how to can foods and, in view of the serious shortage of tin cans which has developed, how to dry and otherwise preserve food products which cannot be consumed advantageously and without waste while fresh.

The Department believes that millions of dollars worth of food will be saved this year which normally would go to waste through the industry of housewives in canning, drying and preserving.

The Department has announced that the winter wheat crop is far short of normal, but has declared that the spring wheat crop can be greatly increased by additional plantings. It also has pointed out that the corn acreage can be vastly increased with profit. In fact, the Department takes the position that more attention than usual should be paid to corn for the duration of the war. Sour pasture lands and meadows and fallow fields can be profitably planted to corn, the Department has told the farmers and, in clearly written special articles, has explained in minute detail each step which must be taken properly to bring these new tracts under productive cultivation.

Where wheat has been killed and corn may not advantageously be planted, the Department has advised the seeding of rye and barley. It also has advised an enlargement of the acreage planted to navy, Mexican and Tepary beans. As a general rule, however, the government desires the farmers to put forth their efforts in raising larger and better crops of the sort which they are accustomed to cultivate rather than take up new lines of production. It is emphasized that this is not the time for agricultural experimentation but for energetic production of what can most readily and successfully be produced. An exception to this rule, perhaps, may be noted as to the south. In that region the Department advises that less cotton be planted and more food crops. The high price of cotton has encouraged the planting of large acreages of this staple but the shortage of fertilizers and labor are expected to bring down the total outturn of the crop. Better results could be obtained, the Department believes, if more food were to be raised in the

south. This is especially so in view of the fact that the south cannot get the millions of dollars worth of food it annually imports from the north this year.

While urging increased plantings, the Department is careful to caution farmers against any encroachment upon pasturage and meadowland which would diminish the forage crop which must be fed to animals. The Department also has warned against the lack of foresight which would cause a shortage in seed.

In addition to its direct appeals to active farmers, the Department is seeking to accelerate the movement toward organization of boys' and girls' gardening clubs. Encouragement is being given local clubs of this character in every town where one is started. Bankers and business men are urged to aid in fomenting this sort of endeavor and have accomplished much good thereby. There are already 280,000 boys and girls enrolled in such clubs and Secretary Houston expects thousands to be added to this number.

The Department further is seeking to increase milk and poultry production. Milk production could be increased one-fourth by more intelligent care and feeding and the poultry supply could be doubled within the year, the Department states.

A particularly strong fight is being made upon animal diseases which annually cost the country more than a quarter of a billion dollars. More than half of this loss, says Secretary Houston, is due to controllable diseases, such as hog cholera, blackleg and Texas fever. The Department is carrying on an energetic campaign of education to teach farmers how to combat these animal diseases and is accomplishing much, especially through its co-operative work with state and county agricultural agencies.

A novel expedient to increase animal production which has been adopted by the Department of Agriculture and illustrates the general method being employed to achieve a richer national larder is the movement for the formation of pig clubs. Secretary Houston has suggested to bankers throughout the country that they promote the organization of clubs of men, women, boys or girls for the purpose of raising pigs. Pigs increase more rapidly than any other substantial food animal and are not difficult to feed or care for. It is suggested by the Secretary that bankers lend money for the purchase by these clubs of brood stock and for such other pig club purposes as may appear necessary to accomplish the desired end.

This movement is meeting with favorable response from bankers and others and already hundreds of such clubs are in operation.

The fact that the production of huge crops would be of little avail without labor to harvest them has not escaped Secretary Houston and his assistants, and the Department is working upon plans for garnering the sheaves. It is recognized

that there will come a marked shortage of harvest labor when the time for bringing in the crops arrives and the Department is doing some of its hardest work to meet this emergency. That an extensive liberation of labor from other occupations will be necessary is obvious, especially as it is expected that 500,000 of the best equipped laborers of the country will be under arms in the harvest season. The necessity for continuous drill in military exercises precludes all possibility of utilizing this force. Therefore, the government is seeking elsewhere.

The Department appears to be counting largely for emergency harvest labor on the two million boys of the nation. Secretary Houston points out that these striplings, between the ages of fifteen and nineteen years, are not now engaged in productive work of a vital character. This view is shared by Secretary of Labor William B. Wilson and he, in co-operation with Secretary Houston, is arranging for the mobilization of these boys to assist in getting in the crops. The boy scout organization is to be utilized in handling this problem as much as possible. Already the Department of Labor has organized a special bureau to handle the work. It also is suggested that high schools and colleges suspend during the harvest season in order to permit the young men attending them to act as harvest hands. The great industries of the country will be asked to release for two or three week periods relays of their men to assist in the work. It also is suggested that canning and preserving be done by communities on a communal plan.

An increase in the supply of breadstuffs, Secretary Houston says, can be effected by more economical methods of flour milling. Eighteen million barrels of flour a year can be added to the supply by milling wheat so as to produce flour of 81 per cent. of the wheat kernel instead of 73 per cent. as at present. This can be done, says Mr. Houston, with no loss of nutriment. He also advocates the wider use of home prepared grain products, and the Department has prepared recipes for the preparation of many kinds of cereal foods. Generally speaking, the Secretary believes a vegetarian diet will result in the saving of much food.

It is difficult to estimate the money value of the increase in food to be provided this year, but Secretary Houston says an annual waste of food aggregating \$700,000,000 can and should be averted.

Much attention has been given to the subject of price fixing. The Administration has asked Congress to enact a law providing for the fixing of maximum and minimum prices for food, clothing, fuel and other necessities; for regulations to govern the production of these commodities and the requisitioning of places and machinery of production; for

the release of stored supplies; for the regulation of produce and other exchanges; for the regulation of the railroad transportation of necessities of life; for the imposition of limitations upon the use of grain in the production of alcohol. This measure, introduced in the House of Representatives by Representative Lever, of South Carolina, caused widespread alarm among dealers in the United States. Many delegations waited upon Secretary Houston to know the meaning of the proposal. Mr. Houston has informed these gentlemen that the price-fixing power is sought by the Federal Government for the present merely as a measure of preparedness. He declares it is not intended to use the powers which may be conferred immediately, but it is considered desirable that they be available for use when necessity arises.

Herbert C. Hoover, famed for his work in connection with Belgian relief, has been designated by President Wilson to co-ordinate the activities of the government in its efforts to increase food production and control and conserve supply. Mr. Hoover is co-operating with the Department of Agriculture and with the Council of National Defense. He is doing much toward the ordering of the Federal work for more food by preventing efforts of the various branches of the Federal service from overlapping with consequent lost motion and energy.

Secretary Houston and other members of the President's Cabinet hold that there is no justification for the present high prices asked by dealers for food. The Department of Justice and the Federal Trade Commission are making investigations of the situation which may lead to prosecutions of unscrupulous speculators. These, however, are believed to be but superficial phenomena which will not stand before a general heavy increase in production of food. Secretary Houston predicts that the level of prices will be high and the American farmer will find his efforts well remunerated no matter how large the production, but sensationally high food prices are not expected to continue generally for an extended period.

Secretary Houston desires that Congress empower the Secretary of Agriculture and the Federal Trade Commission to make a survey of the country's food resources and the business of handling foodstuffs with a view that legislation necessary for proper control of the situation may be wisely provided. He believes that new standards for many products should be established and that a system for the licensing of warehouses, packing houses, mills, cold storage, produce exchanges, co-operative and other shipping associations, commission merchants, auctioneers, brokers, jobbers and other distributors engaged in handling food should be provided to safeguard the public.

LEGAL DEPARTMENT

THOMAS B. PATON, GENERAL COUNSEL

THE OWEN-GLASS BILLS AMENDING THE RESERVE ACT

THE Owen-Glass bills containing proposed amendments to the Federal Reserve Act recommended by the Federal Reserve Board, the provisions of which were digested in the JOURNAL for May, are at this writing (May 21) in the hands of the conferees of Senate and House and will soon be enacted into law.

Our members will be gratified to learn that the Hardwick amendment providing reasonable charges, which has been advocated by our Association through its Committee on Federal Legislation and Special Committee of Twenty-Five, was incorporated in the bill by the Senate and when the Senate bill went to the House, the latter instructed its conferees on the measure to retain the Hardwick amendment. This means, virtually, that it will become a part of the law, barring unforeseen contingencies such as the President vetoing the entire bill or the conferees disagreeing and reporting back the measure to their respective Houses for further instructions. Before this issue of the JOURNAL reaches our readers the fate of the bill and of this amendment will probably be definitely known.

The campaign for the Hardwick amendment, which is a substitute for the former Kitchin bill, providing reasonable charges, has been so urgently prosecuted that a brief statement of the successive steps in Congress, through which it was embodied in the bill, may not be inappropriate.

The House bill containing proposed amendments to the Federal Reserve Act, H. R. 3673, was reported to the House by the Committee on Banking and Currency on April 17. It came up for consideration in the House on April 30 and Mr. McFadden of Pennsylvania offered as an amendment the addition of the following to Section 2 of the bill amending Section 13 of the Federal Reserve Act:

"Provided further, That nothing in this or any other section of this act shall be construed as prohibiting a member or non-member bank from making reasonable charges, in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise."

The above is the Hardwick amendment which

has been advocated by our Association as above stated. A point of order was made that the amendment was not germane as it related to a matter not treated in the bill at all. This point of order was sustained by the Speaker, and on May 5 the bill was passed by the House without the addition of the proposed amendment.

In the Senate on May 9 the Committee on Banking and Currency reported the House bill, H. R. 3673, with an amendment to strike out all after the enacting clause and to substitute therefor the Senate bill on the same subject, S. 1796. Senator Hardwick thereupon proposed the addition of the amendment above quoted and after an extended discussion the amendment was agreed to by a vote of 36 to 29 and conferees were appointed to meet conferees of the House upon the substituted bill and amendment.

In the House on the following day the bill H. R. 3673 was taken up and a motion made to disagree to all of the Senate amendments and ask for a conference, whereupon Mr. McFadden moved that the managers on the part of the House be instructed to agree in conference to the substance of the Hardwick amendment. This motion of Mr. McFadden to so instruct the conferees was agreed to by the overwhelming vote of 240 yeas to 117 nays. On the following day, May 11, a motion was made in the Senate by Mr. Martin, of Virginia, that the vote whereby the Senate passed the House bill, H. R. 3673, be reconsidered and that the House be requested to return the bill to the Senate. The underlying purpose of this was to obtain reconsideration of the Hardwick amendment, but the motion was lost by a vote of yeas 30 and nays 39.

The above is the situation at the present writing, except that a campaign is being waged by interests opposed to the Hardwick amendment, looking to some action by the conferees of House and Senate under which it may be ultimately defeated. The Committee of Twenty-Five of our Association and the Committee on Federal Legislation have been diligently at work in counteracting these efforts, and the passage of the bill with an inclusion of the Hardwick amendment, under which banks will be permitted to make reasonable charges for exchange, is confidently expected.

MINIMUM INTEREST CHARGE OF \$1.00 IN WEST VIRGINIA

THROUGH the initiative of Mr. J. S. Hill, of Charleston, West Virginia, Secretary of the West Virginia Bankers' Association, the Legislature of that state, at its 1917 session, has passed a law which adds the following proviso to the law fixing a legal rate of interest:

"Provided, a charge of one dollar may be made for any loan or forbearance of money or other thing, where the interest at the rate aforesaid would not amount to that sum, and the same shall not be a usurious charge or rate of interest."

We believe West Virginia is the first state to

pass a law of this character to establish the legality of a minimum interest charge upon a small loan. The banks of West Virginia handle a great many small notes for deserving borrowers upon which it is absolutely necessary to make a minimum charge of \$1.00 to prevent the bank from being a loser on the transaction. Similar minimum charges on small notes have been customary in a number of states, but have caused the criticism that the bank was taking usurious interest. A law such as that passed in West Virginia is needed for the protection of the banks and it affords a good model for other states to follow.

STATE LAWS PUNISHING OVERDRAFTS

CONSIDERABLE success has been attained this year in promoting the proposed law recommended by our Association punishing the person who gives a check or draft upon a bank against which the credit is not sufficient for its payment. Four states have passed such a law during the present year, namely: Arkansas, Missouri, Oregon and South Dakota, but in all of these states a feature was added under which, if the drawer afterwards makes the check good within a specified time, he escapes punishment.

In Arkansas, this must be done "immediately,"

in Missouri within five days after receiving notice of non-payment, in Oregon the drawer has forty-eight hours after notification to make the check good and in South Dakota he has ten days' time. Provisions of this character are objectionable as being in the nature of compounding a felony; but such provisions seem popular with state legislatures and it is becoming increasingly difficult to pass a law of this character unless there is added a provision under which the offender can make his check good and thereby escape punishment.

OPINIONS OF THE GENERAL COUNSEL

PAYMENT OF FORGED CHECK

Under the law of Nebraska the drawee who pays a check upon which the drawer's signature has been forged cannot recover back the money unless he pleads and proves that the holder was negligent in purchasing or indorsing the instrument or guilty of bad faith.

From Nebraska—We are writing you for a little information in connection with a forged check which we paid. In order that you may understand the matter fully, we will give you the details of the transaction. Last summer a young man by the name of R. W. was working on the farm of a Mr. A. On June 2 Mr. A gave him a check for \$11.25 of which he made a copy, forging the name of Mr. A on the copied check. This forged check was cashed at the store of Mr. B, who deposited it for credit at the C bank, who in turn presented the check to this bank and received the money on same. Mr. A did not get his checks from the bank until fall, at which time he discovered the forged check and called upon us to make the amount good to him. R. W.

was arrested and confessed that he forged the check, and is now serving time in the state penitentiary. In forging this check R. W. made such a good copy of Mr. A's signature that it was impossible for us to detect that it was a forgery. Now what we want to know, is whether we can go back on the indorsers of this check and collect from them. Kindly give your opinion in the matter.

It is a general rule that the drawee which pays a check to a bona fide holder upon which the drawer's signature has been forged, cannot recover the money back. This rule has been declared by the Supreme Court of Nebraska in *State Bank of Chicago v. First Nat. Bank of Omaha*, 127 N. W. 244. The official syllabus of the court is as follows:

1. Where the payee of an unaccepted draft, to which the drawer's name has been forged and purporting to have been drawn by a bank in South Dakota upon a bank in Illinois, indorses the instrument generally and sells it for its face value to a Nebraska banker with whom the payee is acquainted, the

drawee, after paying the bill, cannot recover back the money, unless it pleads and proves that the holder was negligent in purchasing the instrument, or in indorsing it, or withheld from the drawee at the time the bill was paid, some information or grounds for suspicion within his knowledge concerning the genuineness of the bill.

2. In such a case the cashing bank, if it acted in good faith in the transaction, is not required, in order to acquit itself of a charge of negligence in purchasing the bill, to prove that before such purchase it inquired of the drawer whether the instrument was genuine, or communicated with the drawee to learn whether the bill would be accepted.

3. Where such a draft, by reason of the payee's indorsement, is negotiable by delivery, an indorsement by the holder is not a warranty to the drawee that the drawer's signature is genuine.

In the subsequent Nebraska case of *National Bank of Commerce v. Farmers and Merchants Bank*, 128 N. W. 522, in which the essential facts were the same, the decision in the prior case was re-examined and reaffirmed. In the latter case it was contended that the following provisions of the Negotiable Instruments Act applied and made the indorser liable to refund to the drawee:

"Every person negotiating an instrument by delivery or by qualified endorsement warrants: (1) That the instrument is genuine, in all respects what it purports to be. (2) That he has good title to it."

The court held that this contention was erroneous; that presentation by defendant of the check in controversy for payment was not a "negotiation" within the meaning of the statute and payment by the drawee bank did not constitute such bank a "holder" within the meaning of such statute.

Applying these decisions of the Supreme Court of your state, to the case you present, your bank as drawee paid the money upon a forged check and unless you can prove that the holder was negligent in purchasing the instrument or indorsing it or was guilty of bad faith, you cannot recover the money. The facts stated by you do not disclose any negligence on the part of the purchaser of the instrument. The fact that the forgery was a good imitation of the original signature would not relieve you from the responsibility of cashing this forged check, so that the amount could be charged to the drawer, nor would it give you any right of recovery from a non-negligent holder.

DISCOUNT OF NOTE AT HIGHEST LEGAL RATE OF INTEREST

In Texas it is not usury to deduct interest in advance at the highest legal rate of 10 per cent.

From Texas—A question has been raised with us regarding usury. We charge 10 per cent. inter-

est on loans, but a good many of them we discount when the loan is made at this rate. The legal rate in Texas permits a charge of 10 per cent. interest. Is it usurious for us to discount a note at the rate of 10 per cent. per annum?

The Texas statute provides that "the parties to any written contract may agree to and stipulate for any rate of interest not exceeding 10 per cent. per annum on the amount of the contract." *Vernon's Sayles' Tex. Civ. Stat. Vol. 3, Art. 4979.*

The rule seems to be now well recognized that upon any short term loan (even up to a year) interest may be reserved in advance at the highest legal rate without rendering the loan usurious.

Thus, it was held in *Geisberg v. Mutual Building & C. Ass'n.* [Tex. 1900], 60 S. W. 478, that a contract is not usurious simply because the highest rate of interest is charged, which is payable monthly in advance, and the overdue interest bears interest. And in the earlier case of *Webb v. Pahde*, [Tex. 1897], 43 S. W. 19, it was held that where the interest on a loan was deducted from the face of the note, as paid in advance, and such note bore interest only from maturity, such transaction was not usurious. As the court said, "It was merely the payment of interest in advance, which the parties might agree to without violating the statute of usury." To the same effect *Crowell v. Jones*, 167 N. C. 386; *Sundahl v. First State Bank*, 32 N. Dak. 373.

However, in a few states the taking of interest in advance at the highest legal rate has been held usurious. For example, it has been held in Georgia that the reserving of interest in advance by a bank at the highest legal rate of interest on a loan, whether it be a short or long-term loan, is usurious. *Loganville Banking Co. v. Forrester*, 143 Ga. 302.

IMPRINT OF UNITED STATES FLAG ON DRAFTS AND CERTIFICATES OF DEPOSIT

The placing of a representation of the flag upon a draft or certificate of deposit, disconnected from any advertisement, would not violate the Missouri statute against use of the flag for advertising purposes.

From Missouri—Is there any law against imprinting the United States flag on drafts and certificates of deposit?

There is a statute in Missouri designed to prohibit and punish the use of the United States flag for advertising purposes or the desecration of the flag. It provides:

"Any person who in any manner, for exhibition or display, shall place, or cause to be placed, any

word, figure, mark, picture, design, drawing or any advertisement of any nature, upon any flag, standard, color, or ensign of the United States of America, or shall expose or cause to be exposed to public view any such flag, standard, color or ensign upon which shall be printed, painted or otherwise placed or to which shall be attached, appended, affixed or annexed any word, figure, mark, picture, design or drawing or any advertisement of any nature, or who shall expose to public view, manufacture, sell, expose for sale, give away or have in possession for sale, or to give away or for use for any purpose, any article or substance being an article of merchandise, or a receptacle of merchandise upon which shall have been printed, painted, attached or otherwise placed a representation of any such flag, standard, color or ensign, to advertise, call attention to, decorate, mark or distinguish the article or substance on which so placed, or who shall publicly mutilate, deface, defile, or defy, trample upon or cast contempt, either by words or act, upon any such flag, standard, color or ensign, shall be deemed guilty of a misdemeanor, and shall be punished by a fine not exceeding \$100 or by imprisonment for not more than thirty days or both such fine and imprisonment." (Rev. Stat. Mo. 1909, Chap. 36, Sec. 4884).

"The words flag, standard, color or ensign as used in this and the next preceding section, shall include any flag, standard, color, ensign or any picture or representation of either thereof, made of any substance or represented on any substance and of any size evidently purporting to be either of said flag, standard, color or ensign of the United States of America, or a picture or representation of either thereof upon which shall be shown the colors, the stars and stripes, in any number of either thereof or by which the person seeing the same without deliberation may believe the same to represent the flag, colors, standard or ensign of the United States of America." (Ibid. Sec. 4885).

These provisions, however, are qualified as follows:

"The two preceding sections shall not apply to any act permitted by the statutes of the United States of America or by the United States army and navy regulations, nor shall it be construed to apply to a newspaper, a periodical, book, pamphlet, circular, certificate, diploma, warrant or commission of appointment to office, ornamental picture, article of jewelry, or stationery for use in correspondence, on any of which shall be printed, painted or placed said flag disconnected from any advertisement." (Ibid. Sec. 4886).

It will be seen from the above that it is not unlawful to paint or place a representation of the flag upon (among other things mentioned) a newspaper, pamphlet, circular, certificate, ornamental picture, article of jewelry, or stationery for use in

correspondence, disconnected from any advertisement, and while a check or certificate of deposit is not specifically mentioned, I think these instruments would come within the spirit of the exception. In other words, the imprinting of the United States flag on a draft or certificate of deposit, not for purposes of advertising but from patriotic motives, would not in my opinion violate the Missouri statute, the spirit of which is to prevent the commercializing of our National emblem and its use as an advertising medium.

BANKING HOURS

Right of bank to close at noon on Thursdays during Summer and refuse checks presented in afternoon.

From Missouri—Last summer some of our merchants got together and agreed to close Thursday afternoon during July and August. The same arrangement has been made again this year with nearly all of the merchants in and including the banks. Now the question has come up—have we the legal right to close, and would we be liable for a protest? We intend to advertise the closing in the daily paper.

Banking hours are not established by law, but by the banks themselves. The courts hold that banks may establish reasonable hours for transacting business. *Jones v. Coos Bank (N. H.) Smith*, 249; *Marshall v. Wells*, 7 Wis. 1. In the last stated case, the court said: "It is competent for banking houses, private as well as corporate, to establish rules of business and to prescribe times within which its peculiar business with the public shall be done. But this power is not an absolute or arbitrary one and the rules prescribed and the hours of business designated, must be reasonable and adapted to the exigencies of the particular kind of business in reference to which they are established as well for the safety and convenience of the public as for that of the bank. While it is proper and necessary for the general convenience of all parties that certain hours shall be named within which the bank will receive deposits, pay bills and drafts, discount notes, etc., it is neither reasonable nor proper that the same hours shall be designated for the transaction of its other business."

I think, therefore, it is competent for the banks of your city to change the banking hours by closing Thursday afternoon during July and August. When you have advertised such closing, these changed banking hours will have been announced to the public, and if a check is afterwards presented on a Thursday afternoon it will not be subject to protest. In *First Nat. Bank v. Payne*, 85 Va. 890, it was held that the "day" in banking parlance, means simply the few hours set apart by usage as banking hours. Banking hours it was held, are so far recog-

nized by the courts that any transaction in the ordinary course of banking hours which is to be had with the bank on any day, must be had within banking hours upon that day. In view of this rule, as the banks have the right to fix reasonable banking hours and as the cutting out of Thursday afternoon during July and August would seem reasonable, it would follow that a check presented on a Thursday afternoon would not be protestable as it would be outside of the hours the bank was open for business.

INDORSEMENT OF ACCEPTANCE

Form of indorsement to restrict further negotiability.

From California—A four-months' sight draft on the "X" National bank, after acceptance by the drawee bank, is held by the collecting bank "Y," to whom the draft was transferred by means of an unqualified indorsement. Shortly after acceptance, the drawee bank desires to take the draft up under discount. Inasmuch as the draft has not as yet matured, what is the proper indorsement to be made by the "Y" bank (showing transfer to the drawee bank) to protect itself against any subsequent fraudulent transfer of the instrument to a holder in due course?

The indorsement "pay bank of Y only" is a form which would transfer title and restrict the further negotiability of the instrument.

GUARANTY OF INDORSEMENT "JOHN SMITH, TAX COLLECTOR"

Where a check is made payable to "John Smith, Tax Collector," after Smith has ceased to hold that office, and is negotiated by indorsement of the payee to a bank which guarantees prior indorsements and receives payment, opinion that the bank receiving payment is a holder in due course and not liable to refund, for the indorsement is by the precise payee intended; there is no breach of the guaranty of genuineness, and the suffix "tax collector" is *descriptio personae* and does not put the indorsee upon inquiry.

From Mississippi—A firm draws check to John Smith, Tax Collector, which was received by him after he had been relieved of his office. He indorsed this check as tax collector and then indorsed it personally, cashing it at a second bank, which in turn collected it, guaranteeing the previous indorsements. This occurred about twelve months ago and the makers of the check are now asking the bank which

guaranteed the indorsements to refund the money paid against the check to them, on the ground that the first indorser was not the tax collector at the time that check was indorsed by him and paid. In your opinion, can the bank which guaranteed the indorsements successfully defend suit by the makers of the check to recover the money paid?

I think the bank that guaranteed the indorsements and received payment of the check is not liable in an action by the drawer to recover the money paid.

The guaranty warranted the genuineness of prior indorsements. *McKinnon v. Boardman*, 170 Fed. 920. But there was no breach of this guaranty for the indorsement was genuine, being by the precise payee to whom the drawer ordered the money paid and the suffix "tax collector" was merely descriptive of the person. It is quite generally held when an instrument is made payable to John Smith, trustee, John Smith, collector, and the like, that the suffix is descriptive of the person, and the instrument is negotiable upon the indorsement of John Smith, without putting a purchaser on inquiry. *Central State Bank v. Spurlin*, 82 N. W. (Iowa) 493; *Fox v. Citizens Bank*, 37 S. W. (Tenn.) 1102; *Gunn v. Hodge*, 32 Miss. 319. Furthermore, the Negotiable Instruments Act provides that "the drawer by drawing the instrument admits the existence of the payee and his then capacity to indorse." Sec. 61, Miss. Act. The drawer is therefore estopped as against a bona fide holder to deny that John Smith is the payee and to assert that his indorsement is fraudulent.

I do not think the guaranty of the indorsement in this case would be construed as a warranty that John Smith was still tax collector. The drawer may have delivered the check under the mistaken belief that he still held the office, and his acceptance of the check, when he was no longer collector, might have been a fraud perpetrated upon the drawer. But an indorser who guarantees previous indorsements does not warrant that the payee is free from fraud but only that the indorsement is the genuine indorsement of the payee. In the present case the drawer, by making his check so payable, virtually represents that John Smith is the tax collector and the indorsement having been made by John Smith, the payee intended—the words "tax collector" being mere *descriptio personae*—was the genuine indorsement of the payee and there was no breach of the warranty of genuineness nor any duty of inquiry on the part of the purchasing bank which would deprive it of the status of a holder in due course and make it liable to refund.



NEWS OF THE STATE ASSOCIATIONS

ALABAMA CONVENTION

Mobile entertained the twenty-fifth annual convention of the Alabama Bankers Association, May 10-12. The speakers were: Dr. Charles C. Thach, president Alabama Polytechnic Institute; R. S. Hecht, vice-president Hibernia Bank & Trust Company, New Orleans, La.; Mrs. G. H. Mathis, field agent Alabama Bankers Association; W. P. G. Harding, Governor Federal Reserve Board and others.

The officers elected are: President, J. Kirk Jackson, vice-president Exchange National Bank, Montgomery; vice-president, Val Taylor, president Canabake Loan and Trust Company, Uniontown; secretary-treasurer (re-elected), Henry T. Bartlett, assistant cashier First National Bank, Montgomery. The officers for Alabama of the American Bankers Association are: Vice-President for Alabama, C. E. Thomas, president Autauga Bank and Trust Company, Prattville; member Nominating Committee, Thomas Bowron, assistant cashier First National Bank, Birmingham; alternate, Foster Hamilton, cashier Bank of Alabama, Ensley.

ARKANSAS CONVENTION

The Arkansas Bankers Association held its twenty-seventh annual meeting at Hot Springs, April 25 and 26. Among the speakers were John M. Parker, of New Orleans, Progressive candidate for Vice-President in the recent election, and W. P. G. Harding, Governor of the Federal Reserve Board. President Moorehead Wright reviewed present-day conditions and urged on the convention the necessity for a secretary giving his undivided time to association work.

The following officers were elected: President, Virgil C. Pettie, vice-president Bank of Jonesboro, Jonesboro; vice-president, George H. Bell, cashier Planters Bank and Trust Company, Nashville; secretary (re-elected), Robert E. Wait, president Citizens Investment and Security Company, Little Rock; treasurer, Bruce Holcomb, cashier First National Bank, Fayetteville.

The following were elected by the members of the American Bankers Association: Vice-president for Arkansas, Robert Neill, cashier Arkansas National Bank, Hot Springs; member Nominating Committee, Stuart Wilson, cashier State National Bank, Texarkana; alternate, James E. Parr, cashier Bank of Jonesboro, Jonesboro.

WM. J. HENRY RESIGNS

William J. Henry, of New York, has joined the Ex-Club of State Secretaries. He has resigned as secretary of the New York State Bankers Association to go into the investment business. His suc-

cessor is Edward J. Gallien of Albany, who assumed his duties May 1. The office of the New York Association is now at 128 Broadway, New York.

GEORGIA BANKERS

Addresses by men of prominence were a feature of the twenty-sixth annual convention of the Georgia Bankers Association at Columbus, May 2, 3 and 4. Among the speakers were: Robert F. Maddox, president Atlanta National Bank, Atlanta; F. J. H. Von Engelken, president Federal Land Bank, Columbia, S. C.; J. F. Flournoy, Jr., cashier First National Bank, Canton, Miss., who spoke on "The South's Transformation"; F. T. Hardwick, president C. L. Hardwick & Company, Dalton, Ga.; O. Howard Wolfe, assistant cashier Philadelphia National Bank, Philadelphia, Pa., who spoke on "Saving Money On Your Customers' Accounts vs. Earning Money On Their Credits"; Gifford Pinchot, president National Conservation Association. At the round table discussion for country bankers check collections, interest payment on deposits, legal rate of interest in Georgia, country clearing house benefits and the practice of furnishing free check books to customers were taken up.

Features of the convention were the adoption of constitutional amendments providing for a revision of the scale of membership dues, for the redistricting of the groups of the state and for the organization of sections within the association, when in the judgment of the executive council it may become wise and necessary to organize such sections. It was the sense of the convention that no immediate need exists for the organization of sections and this provision is for the future, if developments make it wise and necessary. The plan will be the same in effect as in the American Bankers Association. The Executive Council was also authorized to carry out its own ideas in dealing with the other changes. A resolution indorsing Robert F. Maddox, of Atlanta, for First Vice-President of the American Bankers Association was unanimously adopted.

In his annual address President Charles B. Lewis urged upon the bankers a realization of the gravity of the times and pointed out the dangers that will beset the country. Officers elected for the ensuing year are: President, Rufus H. Brown, cashier Georgia Railroad Bank, Augusta; vice-presidents, William C. Lanier, West Point; T. R. Turner, Haddock; H. Warner Martin, Atlanta; E. J. Perry, Bainbridge; H. P. Hunter, Elberton; secretary (re-elected), Haynes McFadden, Candler Building, Atlanta; treasurer, E. C. Smith, vice-president and cashier Griffin Banking Company, Griffin. The following were elected to represent the American Bankers Association: Vice-president for Georgia, A. C. Blalock, president Bank of Jones-

boro, Jonesboro; member Nominating Committee, F. T. Hardwick, president C. L. Hardwick & Company, Dalton; alternate, F. S. Etheridge, president Jackson Banking Company, Jackson.

NEW JERSEY MEETING

Atlantic City was host to the fourteenth annual convention of the New Jersey Bankers Association, May 11 and 12. It was a well attended meeting. L. H. Hendricks, assistant cashier Federal Reserve Bank of New York spoke on "The Federal Reserve Collection System," saying that the claim that country banks lose money on par remittances is fallacious. He said that interior banks could call home their balances in reserve city banks and loan their large excess reserve to local borrowers at 5 or 6 per cent. if they would remit to the reserve banks at par and make their customers' checks good in any part of the country. Among the speakers at the banquet were Governor Edge, of New Jersey; James K. Lynch, vice-president First National Bank, San Francisco, Cal., and former Congressman Edward W. Townsend.

The officers elected are: President, William Chambers, president Vineland Trust Company, Vineland; vice-president, E. S. Bartlett, cashier Atlantic City National Bank, Atlantic City; treasurer, W. P. Gardner, vice-president New Jersey Title Guarantee and Trust Company, Jersey City; secretary, (re-elected) William J. Field, vice-president Commercial Trust Company of New Jersey, Jersey City. The following were elected at the meeting of the members of the American Bankers Association: Member Executive Council to succeed I. Snowden Haines, John B. Clement, 2nd vice-president and secretary-treasurer Central Trust Company, Camden; Vice-president for New Jersey, E. Z. Halstead, cashier Paterson National Bank, Paterson; member Nominating Committee, Walter M. Van Deusen, cashier National Newark Banking Company, Newark; alternate, H. H. Griswold, Peoples Bank and Trust Company, Westfield.

OKLAHOMA CONVENTION

More than 700 banking institutions were represented at the twenty-first annual convention of the Oklahoma Bankers Association, on May 10 and 11, in Muskogee. President L. E. Phillips spoke on "The President's Opportunity." Other speakers were: Senator Robert L. Owen; Clarence Ousley, extension director Texas A. & M. College, who spoke on "Agricultural Preparedness"; John Field, who spoke on "The Oklahoma Farmer"; C. W. Alenderfer, vice-president First National Bank, Kansas City, Mo., whose subject was "A. I. B. Work in Oklahoma." Secretary W. W. Bowman spoke on "Cooperation of Country Bankers Associations," and a "question box" was conducted by A. C. Trumbo, of

Muskogee. "Group Insurance for Oklahoma Bankers" and "The Draft Collection Plan" were subjects for open discussion and proved very interesting.

The officers elected are: President, H. A. McCauley, president Sapulpa State Bank, Sapulpa; vice-president, G. C. Robertson, cashier First National Bank, Lawton; treasurer, W. B. Stephens, president State Bank of Rocky, Rocky; secretary (re-elected), Harry E. Bagby, 908 Colcord Building, Oklahoma City.

LOUISIANA AT LAKE CHARLES

At its annual convention at Lake Charles, April 26 and 27, the Louisiana Bankers Association went on record as approving the selective draft plan for an army. At the first day's session the usual officers' reports were made and the following addresses delivered: "Banks and Their Obligations," by R. N. Sims, state bank examiner; "The A. I. B. and its Relation to the Bank Clerk," by F. L. Ramos, of New Orleans; "Taxation," by L. E. Thomas, chairman Board of State Affairs. On the second day the addresses were confined to agricultural subjects, followed by a three-minute discussion. The following officers were elected: President, L. O. Broussard, president Bank of Abbeville, Abbeville; vice-president, Frank Roberts, vice-president Calcasieu National Bank of Southwest Louisiana, Lake Charles; secretary, Eugene Cazedessus, cashier Bank of Baton Rouge, Baton Rouge (re-elected); treasurer, W. J. Mitchell, vice-president Commercial National Bank, New Orleans.

TEXAS BANKERS CONVENTION

Texas bankers who attended the thirty-third annual convention of their association will remember it as one of the best in the Lone Star State. El Paso was the place and May 15-17 the date. Speakers were: F. M. Law, vice-president First National Bank, Houston, on "Banks and Bankers"; Adolph Boldt, assistant cashier Lumbermans National Bank, Houston, on "The Federal Farm Loan Act"; George E. Allen, educational director American Institute of Banking and Secretary State Bank Section, A. B. A., New York, on "Democracy"; Nathan Adams, vice-president American Exchange National Bank, Dallas, and chairman Committee of Twenty-five, American Bankers Association, spoke on the work of his Committee incident to amending section sixteen of the Reserve Act. Entertainment included a bull fight at Jaurez, a barbecue, luncheons, a banquet and dancing.

Following are the A. B. A. elections made at the Texas convention:

Vice-president for Texas, August De Zavala, vice-president and cashier Houston National Exchange Bank, Houston; member Executive Council, A. M. Graves, cashier Red River National Bank, Clarksville; member Nominating Committee, P. B.

Doty, vice-president Gulf National Bank, Beaumont; alternate, F. L. Downs, vice-president First National Bank, Temple.

TENNESSEE CONVENTION

The Tennessee Bankers Association convened in Chattanooga for its annual session on Tuesday, May 15. After the president's annual address, Herbert Quick spoke on the work of the Federal Farm Loan Board. Robert F. Maddox, president Atlanta National Bank, Atlanta, Ga., spoke on "The Outlook." E. M. Holderness, president of the financial division of the Advertising Clubs of the World, read a paper on "Bank Advertising." Thomas B. Paton, General Counsel, American Bankers Association, spoke on the Federal Bill of Lading Act and legislative work in general.

The following were elected to represent the American Bankers Association in Tennessee: Vice-president for Tennessee, J. E. Fox, cashier First National Bank, Rockwood; member Nominating Committee, E. A. Lindsey, president Tennessee-Hermitage National Bank, Nashville; alternate, J. N. Fisher, president City National Bank, Morristown.

The new officers are: President, S'erling Fort, president Northern Bank of Tennessee, Clarksville; vice-presidents, H. E. Graper, president Citizens Bank, Lexington; R. E. Feeney, cashier First National Bank, Fayetteville, and O. C. Armitage, cashier Greene County Bank, Greenville; secretary (re-elected), F. M. Mayfield, Nashville; treasurer, Charles I. Schade, cashier Lawrence Bank and Trust Company, Lawrence.

MARYLAND BANKERS MEET

The Maryland Bankers Association at its annual convention in Atlantic City, May 23 and 24, pledged its support to President Wilson and the Liberty Loan. The retiring president, James M. Sloan, made a strong plea for closer co-operation between the banker and the farmer, and spoke of the Farm Loan Act as superfluous. George W. Norris, of the Federal Farm Loan Board, defended the Farm Loan Act as a stabilizer of rates.

The officers elected are: President, Harry J. Hopkins, president Farmers National Bank, Annapolis; first vice-president, William S. Gordy, Jr., cashier Salisbury National Bank, Salisbury; secretary (re-elected), Charles Hann, assistant cashier Merchants-Mechanics First National Bank, Baltimore; treasurer, William Marriott, cashier Western National Bank, Baltimore. The members of the American Bankers Association present at the convention elected the following: Vice-president for Maryland, Charles A. Wells, president First National Bank of Southern Maryland, Upper Marlborough; member Nominating Committee, Albert D.

Graham, vice-president Citizens National Bank, Baltimore; alternate, Harold Hardinge, president Patapsco National Bank, Ellicott City.

MISSOURI BANKERS MEET

On May 22 and 23 the Missouri Bankers Association held its twenty-seventh annual convention in St. Joseph. The attendance was upward of 800 and the meeting one of the best ever held. The speakers were: C. F. Enright, state bank commissioner, Jefferson City; F. B. Brady, vice-president Peoples Trust Company, Chillicothe; Charles E. Lobdell, chairman Federal Farm Loan Board, "The Banker and the Federal Farm Loan System"; E. N. Meador, secretary the New Constitution Association, Jefferson City; P. W. Goebel, President American Bankers Association, "What is the Duty of the American Banker at the Present Time?" and others. There was a discussion of legal subjects led by William McC. Martin, chairman of the board Federal Reserve Bank, of St. Louis, Mo. The entertainment, provided by the St. Joseph Clearing House Association, consisted of luncheon for the ladies, dance and buffet supper at the St. Joseph Country Club and ladies' tea.

The new officers are: President, W. B. Sanford, president Holland Banking Company, Springfield; vice-president, F. T. Hodgdon, cashier Farmers and Merchants Bank, Hannibal; treasurer, W. L. Buechle, president Security National Bank, Kansas City; secretary (re-elected), W. F. Keyser, Sedalia.

CONVENTION CALENDAR

June 7-8	Pennsylvania	Bedford Springs
June 8-9	Oregon	Marshfield
June 13-14	Colorado	Glenwood Springs
June 14-15	Iowa	Des Moines
June 14-16	Washington	Spokane
June 19-20	Michigan	Detroit
June 19-21	North Carolina	Wrightsville Beach
June 20-21	Minnesota	St. Paul
June 21-22	New York	Lake Placid
June 21-23	Virginia	Old Point Comfort
June 22-23	New England	Narragansett Pier
June 23	Massachusetts	Narragansett Pier
June 23	Rhode Island	Narragansett Pier
June 24-25	New Hampshire	Narragansett Pier
June 26-27	Wisconsin	Milwaukee
June 27-28	South Dakota	Huron
June 27-29	South Carolina	Clemson College
June —	Wyoming	—
July 10-11	North Dakota	Fargo
July 27-28	Montana	Great Falls
Sept. 6	Delaware	—
Sept. 11-13	Farm Mortgage	Minneapolis, Minn.
Sept. 11-13	Ohio	Columbus
Sept. 12-14	Amer. Inst. of Bkg.	Denver, Colo.
Sept. 18-20	Illinois	Quincy
Sept. 20-21	West Virginia	White Sulphur Spgs.
Sept. 24-29	American Bankers Association, Atlantic City, N. J.	—
Oct. 1-3	Investment Bankers	Baltimore
Oct. 3-4	Kentucky	Louisville
Oct. 24-25	Indiana	Indianapolis
Nov. 9-10	Arizona	Tucson

TITLE CHANGES AMONG BANK OFFICERS

Following is a list of officers' title changes in institutions which are members of the American Bankers Association, reported to the JOURNAL-BULLETIN from April 26 to May 25, 1917, inclusive. Members will confer a favor by notifying this department immediately of any such changes. Publication will be made only on receipt of information direct from members:

ALABAMA

Mobile—Alfred L. Staples, formerly vice-president Bank of Mobile, now president, succeeding J. W. Little, who becomes chairman of the board.

CALIFORNIA

Anaheim—H. A. Krause, formerly assistant cashier Anaheim National Bank, now cashier, succeeding E. S. Goble, resigned.

CONNECTICUT

Deep River—Rollin U. Tyler, formerly vice-president Deep River Savings Bank, now president, succeeding the late Milton Pratt. Mr. Tyler is succeeded by Archibald W. Comstock.

DELAWARE

Newark—Alfred A. Curtis, formerly vice-president Farmers Trust Company, now president, succeeding the late Wilkins Cooch. Mr. Curtis is succeeded by Eben B. Frozer.

DISTRICT OF COLUMBIA

Washington—George Howard, formerly treasurer National Savings & Trust Company, now president Dupont National Bank, succeeding Ezra Gould.

ILLINOIS

Chicago—H. O. Anderson, formerly assistant cashier Lincoln Trust & Savings Bank, now cashier, succeeding the late T. C. Behrens.

Rantoul—Paris Robinson, formerly vice-president Commercial Bank, now president.

KANSAS

Wichita—F. F. Fockele, formerly cashier First National Bank of Waverly, now president Union Stock Yards National Bank.

MARYLAND

Baltimore—C. Bradley Hays, formerly cashier Citizens National Bank, now vice-president Baltimore Trust Company. Milton S. Billmire, formerly assistant cashier Citizens National Bank, now cashier.

MASSACHUSETTS

Boston—Francis J. Burrage, formerly assistant secretary Boston Safe Deposit & Trust Company, now secretary. William A. Burnham, Jr., formerly assistant cashier National Shawmut Bank, now cashier, succeeding Benjamin Joy, resigned. Frederick J. Bradlee, Jr., now secretary, succeeding Geo. L. Aspinwall, resigned.

NEVADA

Reno—Frank E. Humphrey, formerly vice-president Washoe County Bank, now president, succeeding George W. Mapes, resigned. John R. Van Nagell, a director of the bank, now vice-president.

NEW JERSEY

Plainfield—Charles B. Veghte, member examining staff Department of Banking & Insurance of New Jersey, now secretary and treasurer State Trust Company, succeeding the late Harry C. Nash.

NEW YORK

Port Henry—Rea A. Murdock, now president First National Bank, succeeding George T. Murdock, resigned.

PENNSYLVANIA

Lebanon—William C. Freeman, formerly vice-president Lebanon County Trust Company, now president.

Philadelphia—George C. Bowker, formerly vice-president Peoples Trust Company, now president, succeeding Louis Fleisher, resigned.

Waynesboro—Ezra Frick, formerly vice-president Citizens National Bank, now president, succeeding the late Daniel W. Hess. Mr. Frick is succeeded by Dr. D. B. Snively.

WISCONSIN

Milwaukee—Alfred G. Schultz, formerly cashier Germania National Bank, now vice-president. E. A. Reddeman, formerly assistant cashier, succeeds Mr. Schultz as cashier.

THE BANK OF ENGLAND, AGENT

The establishment of reciprocal relations between the Federal Reserve Bank of New York and the Bank of England, which has been pending for some time, was consummated early in May. Under the arrangement the Bank of England will be the agent of the New York reserve bank and vice versa. The relationship so established is primarily for the

purpose of affording greater stability to rates of exchange by maintaining with each other mutual accounts of deposit and by representing each other in the purchase of bills. This arrangement, in normal times, is calculated to reduce to a minimum the shipments of gold. Other Federal reserve banks are privileged to join in the transactions.

REGISTRATION AT THE ASSOCIATION OFFICES

FROM APRIL 26 TO MAY 25, 1917

- Armstrong, D. M., vice-president Commercial Trust & Savings Bank, Memphis, Tenn.
- Baker, George R., Boston, Mass.
- Beaumont, Charles T., Riggs National Bank, Washington, D. C.
- Beckwith, H. P., president Northern Savings Bank, Fargo, N. D.
- Beymer, A. S., cashier Keystone National Bank, Pittsburgh, Pa.
- Bishop, A. G., president Genesee County Savings Bank, Flint, Mich.
- Broach, Walker, vice-president First National Bank, Meridian, Miss.
- Burger, J. C., vice-president Hamilton National Bank, Denver, Colo.
- Calfee, J. S., cashier Mechanics American National Bank, St. Louis, Mo.
- Cathro, F. W., cashier First National Bank, Bottineau, N. D.
- Coman, Edwin T., president Exchange National Bank, Spokane, Wash.
- Colyer, Charles G., vice-president Sherman National Bank, New York City.
- Cox, J. Elwood, president Commercial National Bank, High Point, N. C.
- Cox, Mrs. J. Elwood, High Point, N. C.
- Davis, G. D., cashier National Bank of Claremore, Claremore, Okla.
- Dinkins, James, vice-president Jefferson Commercial & Savings Bank, Gretna, La.
- Dinkins, Lynn H., president Interstate Trust & Banking Company, New Orleans, La.
- Downer, William S., treasurer Auburn Savings Bank, Auburn, N. Y.
- Edens, William G., secretary Central Trust Company of Illinois, Chicago, Ill.
- Edwards, Geo. E., president Dollar Savings Bank, New York City.
- Emerson, Guy, vice-president National Bank of Commerce, New York City.
- Evans, Montgomery, president Norristown Trust Company, Norristown, Pa.
- Ferebee, M. C., assistant cashier National Bank of Commerce, Norfolk, Va.
- Foote, F. W., vice-president First National Bank of Commerce, Hattiesburg, Miss.
- Frankland, J. C., Citizens Bank, Rochester, N. Y.
- Fries, F. H., president Wachovia Bank & Trust Company, Winston-Salem, N. C.
- Gallien, Edward J., secretary New York State Bankers Association, Albany, N. Y.
- Goebel, P. W., president American Bankers Association, Kansas City, Kan.
- Halstead, E. Z., Paterson Nat. Bank, Paterson, N. J.
- Haven, John R., cashier First State Bank, Denison, Texas.
- Hawley, N. F., treasurer Farmers & Mechanics Savings Bank, Minneapolis, Minn.
- Hilson, Hugh H., State Bank Examiner, Trenton, N. J.
- Hollister, C. H., president Old National Bank, Grand Rapids, Mich.
- Hollister, Mrs. C. H., Grand Rapids, Mich.
- Hollister, Miss, Grand Rapids, Mich.
- Hoskins, D. T., cashier San Miguel National Bank, Las Vegas, New Mexico.
- Hoyt, F. C., president Union National Bank, Wichita, Kan.
- Hughes, W. B., secretary Nebraska Bankers Association, Omaha, Neb.
- Hulbert, E. D., president Merchants Loan & Trust Company, Chicago, Ill.
- Lynch, James K., vice-president First National Bank, San Francisco, Cal.
- Maddox, Robert, F., president Atlanta National Bank, Atlanta, Ga.
- Mattson, Edgar, L., vice-president Scandinavian American National Bank, Minneapolis, Minn.
- McKee, William L., assistant cashier Fort Dearborn National Bank, Chicago, Ill.
- McNally, R. F., vice-president Mississippi Valley Trust Company, St. Louis, Mo.
- McNish, Jesse C., president McNish Cattle Loan Company, Omaha, Neb.
- McNish, Mrs. Jesse C., Omaha, Neb.
- Miller, Ed. J., cashier First National Bank, Huron, S. D.
- Miller, Mrs. Ed. J., Huron, S. D.
- Montgomery, S. B., president State Savings Loan & Trust Company, Quincy, Ill.
- Moyer, W. L., New York City.
- Noel, Joseph R., president Noel State Bank, Chicago, Ill.
- Pendleton, G. B., secretary and treasurer Trust Company of Georgia, Atlanta, Ga.
- Phillip, James P., president Catskill National Bank, Catskill, N. Y.
- Phillips, Frank A., president Lambertville National Bank, Lambertville, N. J.
- Pierce, Carroll, vice-president Citizens National Bank, Alexandria, Va.
- Platt, J. E., president Security Bank, Clark, S. D.
- Preston, T. R., president Hamilton National Bank, Chattanooga, Tenn.
- Randolph, E., vice-president Girard National Bank, Philadelphia, Pa.
- Rankin, S. B., president Bank of South Charleston, South Charleston, Ohio.

- Ransom, F. T., vice-president Union National Bank, Wichita, Kan.
 Rattray, James, Bank of Buffalo, Buffalo, N. Y.
 Rogers, Geo. W., vice-president Bank of Commerce, Little Rock, Ark.
 Rogers, Miss, Little Rock, Ark.
 Sadd, W. A., president Chattanooga Savings Bank, Chattanooga, Ten.
 Sato, T., manager Bank of Chosen, Tokio, Japan.
 Scott, Marion, Brookline, Mass.
 Scott, Willard, D. D., Brookline, Mass.
 Selleck, Henry B., Detroit, Mich.
 Sheffield, George V., president First National Bank, Pompton Lakes, N. J.
 Sneath, R. D., president Commercial National Bank, Tiffin, Ohio.
 Shepherd, F. N., cashier Empire National Bank, Lewiston, Idaho.
 Smith, E. K., president Commercial National Bank, Shreveport, La.
 Smith, Tom O., vice-president Birmingham Trust & Savings Company, Birmingham, Ala.
 Storrs, Charles B., president Orange Savings Bank, Orange, N. J.
 Taylor, R. H., Trenton, N. J.
 Teter, Lucius, president Chicago Savings Bank & Trust Company, Chicago, Ill.
 Thiel, J. F., Washington, D. C.
 Vincent, W. D., vice-president Old National Bank, Spokane, Wash.
 White, William C., president Merchants & Illinois National Bank, Peoria, Ill.
 Wilkinson, W. C., vice-president Merchants & Farmers National Bank, Charlotte, N. C.
 Wing, E. M., president Batavian National Bank, La Crosse, Wis.
 Yaeger, Harry, vice-president Great Falls National Bank, Great Falls, Mont.
 Yate, T. W., cashier Commercial Bank & Trust Company, Laurel, Miss.
 Yetter, Frank B., cashier Iowa National Bank, Davenport, Iowa.
 Yoshida, S., manager Bank of Chosen, Tokio, Japan.

MORTUARY RECORD OF ASSOCIATION MEMBERS

REPORTED FROM APRIL 26 TO MAY 25, 1917.

- Booth, James J., vice-president Oakland Savings and Trust Company, Pittsburgh, Pa.
 Briggs, Nathan L., vice-president Boonton National Bank, Boonton, N. J.
 Bruer, W. T., vice-president McDaniel National Bank, Springfield, Mo.
 Burrows, William H., president Middletown National Bank and trustee Middletown Savings Bank, Middletown, Conn.
 Clark, Lee, chairman of the board Interstate National Bank, Kansas City, Mo.
 Cumner, Harry W., president and director Boylston National Bank and trustee Home Savings Bank, Boston, Mass.
 Davis, John D., vice-president Mississippi Valley Trust Company, St. Louis, Mo.
 Ferguson, D. M., vice-president Peoples National Bank, Paola, Kan.
 Hess, Daniel W., president Citizens National Bank, Waynesboro, Pa.
 Jenks, Albert J., vice-president Chicopee Savings Bank, Chicopee, Mass.
 Liles, T. J., president Peoples Bank, Aurora, Mo.
 Long, Dayton J., vice-president Davis National Bank, Piedmont, W. Va.
 O'Donnell, C. E., president Commercial National Bank, Rantoul, Ill.
 Park, William H., chairman of board and manager Industrial Trust Company, and trustee Providence County Savings Bank, Pawtucket, R. I.
 Pratt, Milton, president Deep River Savings Bank, Deep River, Conn.
 Sands, Benjamin A., director Fidelity Bank, Lincoln Trust Company, United States Safe Deposit Company, and trustee New York Trust Company, New York, N. Y.
 Scharmann, August C., first vice-president and trustee German Savings Bank, Brooklyn, N. Y.
 Thomas, Edward S., assistant cashier First National Bank, Chicago, Ill.
 Van Dyk, Francis C., vice-president and director Second National Bank, Paterson, N. J.

NEW YORK'S ANTI-PAR COLLECTION BILL

The Senate of the State of New York recently passed a bill introduced by Mr. Newton imposing a fine of \$1,000 on any person or group of persons seeking to compel a bank or trust company to forego its right to make a reasonable charge for domestic exchange. The bill would protect banks against

any requirement to pay checks drawn on them at any other place than their own offices or to remit the face value of the check at par outside their own municipalities. The bill makes it a crime to present for collection any check on a bank not situated in the municipality of the payee bank.

BULLETIN

OF THE

AMERICAN INSTITUTE OF BANKING

INSTITUTE EXECUTIVE COUNCIL

1917—ROBERT H. BEAN (*ex-officio*), Casco Mercantile Trust Company, Portland, Me.; H. G. PROCTOR (*ex-officio*), Union Savings Bank & Trust Company, Huntington, W. Va.; FRANK C. BALL, Mississippi Valley Trust Company, St. Louis, Mo.; FRANK B. DEVEREUX, National Savings & Trust Company, Washington, D. C.; R. S. HECHT, Hibernia Bank & Trust Company, New Orleans, La.; JOHN W. RUBECAMP, Corn Exchange Bank, Chicago, Ill.
 1918—E. G. McWILLIAM, (*ex-officio*), Guaranty Trust Company, New York, N. Y.; S. D. BECKLEY, City National Bank, Dallas, Tex.; HARRY E. HEBRANK, American Trust & Savings Bank, Springfield, Ohio; R. H. MACMICHAEL, Dexter Horton Trust & Savings Bank, Seattle, Wash.; R. A. NEWELL, First National Bank, San Francisco, Cal.
 1919—Geo. F. KANE, Society for Savings, Hartford, Conn.; C. H. CHENEY, First National Bank, Kansas City, Mo.; Wm. A. NICKERT, Eighth National Bank, Philadelphia, Pa.; JAMES RATTRAY, Guaranty Trust Company, New York, N. Y.

OFFICERS OF THE INSTITUTE

President, E. G. McWILLIAM, Guaranty Trust Company, New York, N. Y. Vice-President, H. G. PROCTOR, Union Savings Bank & Trust Company, Huntington, W. Va. Educational Director, GEORGE E. ALLEN, Five Nassau Street, New York City. Assistants to Educational Director, R. W. HILL and M. W. HARRISON, Five Nassau Street, New York City. Board of Regents—O. M. W. SPRAGUE, Chairman, Professor of Banking and Finance in Harvard University, Cambridge, Mass.; E. W. KEMMERER, Professor of Banking and Economics in Princeton University, Princeton, N. J.; HAROLD J. DREHER, National City Bank, New York City; C. W. ALLENDOERFER, First National Bank, Kansas City, Mo.; GEORGE E. ALLEN, Five Nassau Street, New York City.

INSTITUTE INTERCHANGE

THE A. B. A. AND THE A. I. B.

At the Spring Meeting of the Executive Council of the American Bankers Association, held at Briarcliff in May, President E. G. McWilliam presented the following report regarding the American Institute of Banking Section, which was received with demonstrations of approval:

"The American Institute of Banking now consists of 78 chapters with a total membership of 22,205. Of this number 18,691 are members of city chapters and 3,514 are members of the Correspondence Chapter. Institute work throughout the country has been greatly increased through alliances between the Correspondence Chapter and various State Bankers Associations. Institute progress, however, is in quality as well as quantity. The Institute standard course of study—consisting of text-books and collateral examinations covering the subjects of 'Banks and Banking,' 'Loans and Investments,' 'Commercial Law' and 'Negotiable Instruments'—has become universally recognized as the basis of all Institute work, and the educational results are consequently specific and not scattering. Graduates of the Institute now number 1,976.

FINANCIAL STATEMENT

Receipts	
Balance September 1, 1916.....	\$ 5,906.14
JOURNAL-BULLETIN subscriptions	9,989.70
Institute study course.....	10,303.12
Associate membership dues (A. B. A.)....	6,830.50
Miscellaneous	1,493.31
	\$34,522.77

Expenditures

Convention and Administration	\$ 2,842.82
Salaries and instructors' fees.....	7,978.22
JOURNAL-BULLETIN and printing.....	10,800.82
Traveling expenses educational director..	1,083.41
Miscellaneous	2,784.15
	\$25,489.42
Balance May 1, 1917.....	9,033.35
	\$34,522.77

"The foregoing figures are somewhat deceptive, inasmuch as Institute receipts are small during summer months. In due course of operation the present balance will therefore be decreased about 50 per cent. during the remainder of the fiscal year.

REVISED TEXT-BOOKS

"The Institute has made arrangements to revise the text-books on 'Elementary Banking' and 'Business English' and important changes are necessary in post-graduate work to meet the requirements of Institute graduates and other older men inspired with the spirit of investigation. The cost of such changes will be distributed over the next two years in such a manner as to avoid the necessity of asking any additional appropriation from the American Bankers Association, but the strain upon Institute finances, present and prospective, may be severe.

THE INSTITUTE AND THE ASSOCIATION

"The Institute realizes its indebtedness to the Association—both financial and moral—and while

we never expect to make reimbursement in money, we believe that we have already done something in the way of payment by increasing the standard of banking efficiency. Incidentally, at the request of President Goebel, the Institute has encouraged its Educational Director to serve the Association as Secretary of the State Bank Section, and we trust that his work has been of some value. The Institute is ready at all times and under all circumstances to pay its indebtedness to the American Bankers Association in the coinage of loyalty and efficiency."

WAR SYSTEM IN PRIVATE AFFAIRS

An investigation was recently made by experts which showed the following losses to be a fair yearly average for the ordinary grocery store:

Mistakes on invoices	\$12.00
Mistakes on customer's bills.....	60.00
Failure to charge goods sold on credit.....	120.00
Waste of supplies	12.00
Mistakes in simple addition	24.00
Time wasted in calming customers dissatisfied because of overcharge	12.00
	<hr/>
	\$240.00

This amount does not seem very much, but when you consider that it is 6 per cent. net profit on \$4,000 worth of business it is significant.

This is but an illustration of what we individually waste when we are "on the job" or in the home. We must cut down expenses, and live more economically. Institute members should start right now to help solve the food problem, which will become more emphasized as the months go by. Also, we have an opportunity to help finance the war.

We can do our "bit." Suppose you get ten dollars a week; it would be possible for you to put \$52 per year into the war loan; pay \$5 per week for board; \$1.50 for carfare and lunch; \$1.50 per week for clothes and \$1.00 for education, amusements, vacations, etc. Or if you are getting \$15 per week, you could put \$78 into the war loan, pay \$7.50 per week for board, \$2.25 for carfare and lunch, \$2.25 for clothes; \$1.50 for education, amusements, etc. Or on \$25 per week salary, you could invest \$260 in the war loan; \$10 per week for board; \$3.75 for carfare and lunch; \$3.75 for clothes, \$2.50 for education, amusements, etc. If you get \$50 per week, you could buy \$650 of war bonds; pay \$20 per week for board; \$5 for carfare and lunches; \$7.50 for clothes and \$5.00 per week for education, amusement, etc.

On the other hand, if you get an income of \$150 per month and have a wife and three children to support you could invest \$180 per year in the war loan; \$45 per month for food; \$37.50 for rent; \$15 for operating expenses; \$30 for clothing and \$7.50 for advancement. If you get a monthly income of \$200 you could spare \$360 per year for war loan; \$50 per month for food; \$50 per month for rent; \$20 per month for operating expenses; \$40 for clothing and \$10 for advancement. If you are lucky enough to get an income of \$400 per month, you could afford to help the government finance the war to the extent of \$960 per year; pay \$80 per month for food; \$100 per month for rent; \$40 for operating expenses; \$80 for clothing and \$20 per month for advancement. In the last budget the item for rent could be reduced to \$50 per month and diverted to operating expenses and advancement.

OWNERS OF RAILROAD SECURITIES ORGANIZE

A meeting, attended by over 500 persons from all parts of the country, was held in Baltimore on May 23, at which time there was formed the National Association of Owners of Railroad Securities, of which S. Davies Warfield was elected president.

Although it is too early to predict the specific work to be undertaken by this association, its character may be surmised from the fact that the dissatisfaction, expressed for some time in regard to "heckling" and "regulating" railroads, has been considerably increased through failure to recognize the rapidly changing conditions.

When it is recalled that the success or failure of

the railroads involves not only individual holders of this class of securities, but every depositor in all classes of banks and trust companies, every holder of an insurance policy and the beneficiaries thereunder; also investments now held in trust, the field of usefulness for such an association is clearly apparent. Under a resolution adopted at the meeting, a committee composed of two representatives from each state will be formed, and this committee will in turn elect an executive committee. The purpose is obviously to give effective representation to a class which has heretofore been ignored in considering legislation and regulatory orders by commissions.

HELPING THE LIBERTY LOAN

On April 27, the President of the American Institute of Banking sent the following telegram to the President of the United States:

New York, April 27, 1917.

To the President,
Washington, D. C.

The American Institute of Banking with a membership exceeding twenty-two thousand bankers and bank men of the country, desires to offer you its services for the purpose of assisting in the sale and distribution of the great war loan. This loan must be spontaneously successful. We all realize that the people of this country as a class are not familiar with investment bonds, and that to insure this success, there must be a vast amount of education. One form of education can be by means of practical talks to men's clubs, employees of factories, department store employees, and other similar groups of people. Members of the American Institute of Banking are equipped by systematic education and by actual experience, to make these practical talks. Through its seventy-five chapters located in the principal cities of the country, the Institute quickly and simultaneously can reach a very large percentage of our population. Should you care to make use of our services, we could prepare and start such a campaign immediately.

E. G. McWILLIAM, President,
American Institute of Banking.

President Wilson replied as follows:

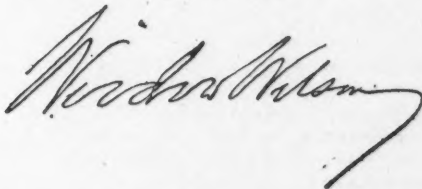
THE WHITE HOUSE
WASHINGTON

April 28, 1917.

My dear Mr. McWilliam:

I am very much gratified by the generous offer made by you in your message of April 27th, and I thank you warmly for it. I appreciate most heartily this assurance of cooperation and support.

Cordially and sincerely yours,



Mr. E. G. McWilliam,
President,
American Institute of Banking,
New York City.

The Liberty Loan and the American Institute of Banking

In the propaganda work incident to the flotation of the Liberty Loan, the American Institute of Banking will be a valuable factor. It seems particularly fitting that the chapters shall enter the field to sell the bonds in their communities. For the past several years the Institute has been organizing public affairs committees in the chapters throughout the country. To lead in this work a committee on Public Affairs was created by President Dreher in 1913. Today nearly all chapters have either public affairs committees or speakers' bureaus. They have been furnishing speakers on thrift and banking topics to local organizations and have gained for themselves a reputation which has assuredly obtained for them the good will of the community. The valuable experience which the Institute and chapters have had makes them eminently qualified to promote the sale of Liberty bonds. Many of us do not realize how essential the success of the Liberty Loan is to the nation and its people. They have not taken the war seriously. "It is perfectly plain that we must fight Germany with our allies, or later on single-handed, fight her army and navy. Once that little republic of Athens, protected by three buffer states against the militarism of Macedonia, lying farther north, through neglect of her three buffer states, was finally herself despoiled and looted. For two and a half years England's battleships have bottled up Germany's dreadnoughts; but for that barrier protecting us, our Atlantic coast would long ago have been bombarded. Should the German submarines starve England, and make it impossible to get her troops across to France, should Germany defeat France and Belgium singly, and obtain iron and coal and wheat from Russia, the time would soon come when in our unprepared condition our cities on the coast of the Atlantic, of the Gulf and of the Pacific would be attacked, and an indemnity of thirty or fifty billions, representing the entire cost of this war, be saddled upon our children and our children's children."

Great events happen in a day. The Russian revolution came up out of the horizon on a morning, and what next will happen to these United States if we do not realize the necessity of protecting ourselves by providing for the future, one would fear to prophesy. At any rate, it is for us to busily engage ourselves in the great work of providing the sinews of war and of showing the true Institute spirit of co-operation and devotion to the cause of liberty and justice. Institute speakers should work by inspiration, by love of country, by patriotism. They are in a better position, perhaps, than any other class of workers. Their business in banks

brings them into close touch with the people and their kindly advice and suggestions, and even time and attention to depositors and customers, is so essential at this time. The next thing that we Institute men should recognize is organization. Each chapter has its public affairs committee or speakers' bureau, and if it has not organized one as yet, it should do so immediately. All through the summer they should seriously consider the great problems which affect our country and are felt in their community. They should earnestly study the conditions which surround these problems both from a financial and political viewpoint. They should prepare themselves to get into the field and teach the people what the Liberty Loan means. They should teach thrift in a stronger way than ever before. They should induce economy on the part of the people and the investment of the excess of their current income in the Liberty Loan. Each member of the Public Affairs Committee of the Institute has offered his services to do all that lies in his power to aid and assist the American Bankers Association in its propaganda for the sale of Liberty bonds. Most every chapter has responded to the call of the parent body and is willing and anxious to do its bit. President McWilliam and Chairman Proctor have inspired the committee to earnest endeavor. President McWilliam in offering the services of the Institute to President Wilson sent the telegram which is reproduced in another part of the JOURNAL-BULLETIN together with the response of the President. President McWilliam's offer was in earnest. The result has shown for itself. Every chapter in the country is alive to its part in the war. Information which they have collected for the Committee on Military Affairs has proven the worth of the chapters, and the work which they are planning to do in co-operation with the parent body will once again reflect the importance of the Institute as a vital part of the American Bankers Association.

In the plan book which has been issued by the War Loan Committees of the American Bankers Association, of which the President and the Educational Director of the Institute are members, the following statement is made under the title of "Local Chapters of American Institute of Banking":

Under the supervision of a national committee acting in conjunction with the War Loan Committees of the American Bankers Association, the local committees of the chapters should agree to do much of the detail work for your committee of bankers. They should furnish speakers for public meetings and help

organize generally. The chapter should also furnish teams of canvassers to solicit bond subscriptions, and co-operate with local civic and commercial organizations to hold public luncheons and dinners and to furnish speakers at these functions, to arouse enthusiasm and to send workers through the audience to take bond subscriptions then and there.

To encourage other organizations to hold similar meetings, luncheons and dinners and to furnish speakers on the Liberty bond subject for these functions, as well as for meetings of employees.

The responsibility of the Institute is well defined. Perhaps the organization will not be perfected sufficiently to become most effective for this present issue of two billion dollars. But when the next loan is announced every Institute worker will be prepared with a strong organization to carry out to the best of his ability efficient service in the cause of freedom and democracy.

On May 22, Dr. Newell Dwight Hillis of Plymouth Church, Brooklyn, N. Y., and Lawrence Chamberlain of the firm of Hemphill, White and Chamberlain, New York City, left on a tour of thirty cities throughout the country. The secretary of the Public Affairs Committee sent the following telegram to each of the chapters in cities which will be visited by the Hillis-Chamberlain party:

"Have arranged tour of United States for Newell Dwight Hillis and Lawrence Chamberlain, speakers of national reputation, in the interest of Liberty Loan. They will be in Cleveland from 6 p. m. to 10.35 p. m., June 15. First get in touch with local clearing house president and manager and secure subscription blanks sent them and distribute at

meetings. Have on hand at meetings twenty-five to thirty chapter men to aid generally. Two advance agents of party will arrive to arrange details one day before big meetings. This is a real opportunity to make name for chapter. Send me copies of all newspapers day following meetings and same day. Yours for Liberty and Victory."

The chapter cities being visited by the party are as follows:

May 22, Dayton and Cincinnati.
May 23, Louisville.
May 24, Memphis and Little Rock.
May 25, New Orleans.
May 28, El Paso.
May 29, Los Angeles.
May 30, San Francisco and Oakland.
June 1, Portland.
June 2, Seattle.
June 3, Spokane.
June 5, Salt Lake City.
June 6, Denver.
June 8, Kansas City.
June 9, Omaha.
June 10, Chicago and Milwaukee.
June 11, Minneapolis.
June 12, Des Moines.
June 13, Indianapolis.
June 14, Detroit.
June 15, Cleveland and Toledo.

Almost universally the chapters have responded and are doing everything possible to make things comfortable for the speakers. There is plenty of work for all the chapters to do and as the War Loan Committees of the Association become better organized and more experienced, they will learn to depend more upon the chapters because its ranks are filled with live wires and real patriots.

MEXICO RETIRES ITS PAPER CURRENCY

For the purpose of retiring the Mexican paper pesos known as "infalsificables," President Carranza has issued a decree providing for a surtax on imports, exports and mineral products. The decree became effective April 1. A surtax of one paper

peso is being collected for every gold peso paid on account of import, export and mines production duties. This additional tax does not impose a heavy burden owing to the very low exchange value of the paper peso, about one-third of a cent U. S.

RURAL CREDITS IN SIAM

Conditions under which the Siamese peasants are required to pay 40 to 50 per cent. interest on loans have prompted the ministry of finance of Siam to work out a method by which the farmers are enabled to borrow money at 12 per cent. The scheme provides for the combination of the farmers of a community into a co-operative credit society. This society is to lend money to its members for production purposes only. The signatures of two guar-

antors are required to a formal document acknowledging the loan. The rural societies will receive their money from the Siam Commercial Bank at Bangkok at 6 per cent. The difference between this rate and that paid by the farmers will go to the sinking funds of the societies. Pending the growth of the sinking funds, all the possessions of every member of the societies are subject to attachment as a guaranty to the bank.

INSTITUTE CHAPTERGRAMS

REPORT OF COUNCILMAN BECKLEY

CHAPTERS	MEMBERS
Austin	33
Dallas	124
El Paso	86
Fort Worth	70

San Antonio	38
Waco	33 —17

STANDARD CLASSES
Commercial Law
Loans and Investments
Loans and Investments
Negotiable Instruments
Banks and Banking
Loans and Investments
Banks and Banking
Loans and Investments
Negotiable Instruments

MISCELLANEOUS ACTIVITIES
Final examinations held.
A class is also conducted in public speaking.
Work confined to study course.
Members intensely interested in military matters.
Final examinations held.
Activities confined to study course.

REPORT OF COUNCILMAN BALL

CHAPTERS	MEMBERS
Little Rock	120
Louisville	32 + 9
Memphis	110
St. Louis	468

STANDARD CLASSES
Loans and Investments
Banks and Banking
Commercial Law
Banks and Banking
Commercial Law

MISCELLANEOUS ACTIVITIES
Final examinations held.
Preparing for final examinations.
One open meeting. Preparing for final examinations.
Annual banquet. Final examinations held. Annual election. Address, "The American Navy."

REPORT OF COUNCILMAN HECHT

CHAPTERS	MEMBERS
Atlanta	140
Birmingham	79
Chattanooga	101 + 2
Jacksonville	43
Macon	31
Mobile	32
Nashville	122
New Orleans	249 —20
Savannah	27 —4

STANDARD CLASSES
Loans and Investments
Commercial Law
Negotiable Instruments
Banks and Banking
Loans and Investments
Loans and Investments
Banks and Banking
Loans and Investments
Banks and Banking
Loans and Investments
Commercial Law
Negotiable Instruments

MISCELLANEOUS ACTIVITIES
Annual election. One open meeting.
Activities confined to study course.
Public affairs committee preparing talks on Liberty Loan. Final examinations held.
Annual election. Final examination held.
Final examination held
Work confined to study course.
Final examinations held.
Annual banquet. Annual election. Military training accomplished fact. Liberty Loan committee active.
Final examinations held.

REPORT OF COUNCILMAN CHENEY

CHAPTERS	MEMBERS
Denver	144
Des Moines	178
Kansas City	293 —14
Omaha	104
Tulsa	100

STANDARD CLASSES
Commercial Law
Commercial Law
Negotiable Instruments
Banks and Banking
Loans and Investments
Negotiable Instruments
Commercial Law

MISCELLANEOUS ACTIVITIES
Preparing plans for annual convention A. I. B.
Debate with Omaha Chapter.
Annual banquet. Annual election. Final examinations held.
Annual banquet. Debate with Des Moines Chapter.
Work confined to study course.

REPORT OF COUNCILMAN DEVEREUX

CHAPTERS	MEMBERS
Baltimore	660
Charleston	65
Columbia	52
Raleigh	26
Richmond	267
Washington	405—112

STANDARD CLASSES
Banks and Banking
Loans and Investments
Commercial Law
Banks and Banking
Commercial Law
Banks and Banking
Commercial Law
Banks and Banking

MISCELLANEOUS ACTIVITIES
Class also conducted in accounting.
Final examination held.
Final examination held.
Classes also conducted in elementary banking and public speaking. Final examination held.
Buffet supper and reception to new Institute graduates.
Lectures first aid and military instruction twice a week.

REPORT OF COUNCILMAN RATTRAY

CHAPTERS	MEMBERS
Albany	236
Buffalo	137 + 2
New York	2251 —12
Rochester	85
Syracuse	135
Utica	118

STANDARD CLASSES
Banks and Banking
Loans and Investments
Negotiable Instruments
Banks and Banking
Banks and Banking
Banks and Banking
Loans and Investments
Banks and Banking

MISCELLANEOUS ACTIVITIES
Annual election. Final examination held.
Annual election.
Debate with Hartford Chapter. Annual meeting. Adding machine contest. Debate with Philadelphia Chapter.
Final examinations.
Annual election. Address, "The real causes of the present war."
Final examinations held.
Final examination in banking held.

REPORT OF COUNCILMAN NEWELL

CHAPTERS	MEMBERS
Fresno	126
Los Angeles	477 —16
Oakland	193
Sacramento	121 —5
Salt Lake City	148
San Francisco	1193 +27
Stockton	60

STANDARD CLASSES
Banks and Banking
Banks and Banking
Banks and Banking
Banks and Banking
Commercial Law
Banks and Banking
Banks and Banking
Commercial Law
Banks and Banking

MISCELLANEOUS ACTIVITIES
Stressing educational work.
A forum is also conducted.
Annual election. Final examinations held.
Members intensely interested in military matters.
Monthly meeting.
Annual election. Annual banquet. Report a very active year.
Activities confined to study course.

REPORT OF COUNCILMAN KANE

CHAPTERS	MEMBERS
Boston	696 + 1
Hartford	279
New Haven	203
Pittsfield	25
Providence	210
Springfield	38
Waterbury	86
Worcester	129

STANDARD CLASSES

Commercial Law	
Loans and Investments.....	
Banks and Banking.....	
Commercial Law	
None	
None	

MISCELLANEOUS ACTIVITIES

Final examination held in "Law" class and also in economics class. Annual meeting and smoker. Annual meeting. Debate with New York. Military training corps. Examination held on "Banks and Banking." Work confined to study course. Annual meeting. Examination held in "Banks and Banking." No special activities. Rifle club formed. Study class to form in the Fall. Chapter just organized.

REPORT OF COUNCILMAN HEBRANK

CHAPTERS	MEMBERS
Cincinnati	269 — 9
Cleveland	551
Dayton	121 — 1
Pittsburgh	977 — 26
Toledo	158
Wheeling	78 + 3

STANDARD CLASSES

Banks and Banking.....	
Commercial Law	
Banks and Banking.....	
Banks and Banking.....	
Commercial Law	
Negotiable Instruments	
Banks and Banking.....	
Commercial Law	
Banks and Banking.....	
Commercial Law	

MISCELLANEOUS ACTIVITIES

Classes are also conducted in public speaking and elementary banking. Annual dinner. Annual election. Chapter dinner. Three open meetings. One open meeting. Banquet tendered members of basketball teams. Classes are also conducted in corporation finance, accounting and foreign trade. Annual election. Preparing for final examinations. Bowling league. Classes are also conducted in public speaking and debating.

REPORT OF COUNCILMAN MACMICHAEL

CHAPTERS	MEMBERS
Duluth	40
Great Falls	45
Portland	345 — 12
Seattle	272 + 1
Spokane	60
Tacoma	85
Grand Forks	27

STANDARD CLASSES

None	
Loans and Investments.....	
Loans and Investments.....	
Commercial Law	
Negotiable Instruments	
Banks and Banking.....	
Loans and Investments.....	
Banks and Banking.....	

MISCELLANEOUS ACTIVITIES

A class is conducted in credits. One open meeting. Stressing educational work. Annual banquet. Final examinations. Preparing for final examinations. Annual election. Informal dance. Final examinations in Part I being conducted. Open meeting. Address, "Financing foreign exports and imports." Work confined to study course.

REPORT OF COUNCILMAN RUBECAMP

CHAPTERS	MEMBERS
Chicago	1161 + 7
Detroit	244
Grand Rapids ..	15
Indianapolis	60 + 1
Milwaukee	303 — 0
Minneapolis	457
St. Paul	271
Eau Claire	33

STANDARD CLASSES

Commercial Law	
Negotiable Instruments	
Banks and Banking.....	
Loans and Investments.....	
Loans and Investments.....	
Commercial Law	
Banks and Banking.....	
Negotiable Instruments	
Loans and Investments.....	
Banks and Banking.....	
Negotiable Instruments	
Commercial Law	
Negotiable Instruments	

MISCELLANEOUS ACTIVITIES

Annual election. Patriotic address. Educational work for the season finished. Final examinations held. Membership contest continues. Work confined to study course. Final examinations held. Annual election. One open meeting. Class is also conducted in public speaking. Activities confined to study course.

REPORT OF COUNCILMAN NICKERT

CHAPTERS	MEMBERS
Lancaster	102 + 28
Philadelphia	1581 + 24
Seranton	103 + 2
Wilkes-Barre	23

STANDARD CLASSES

None	
Banks and Banking.....	
Negotiable Instruments	
Loans and Investments.....	
Commercial Law	

MISCELLANEOUS ACTIVITIES

Planning educational course for next season. Educational work for season completed. Graduates "Banking" 33; Trust Co. 25; "Neg. Insts." 61. This year's certificate men 22. Total graduates to date 191. Final examinations held. Activities confined to study course.

CHAPTER PRESIDENT PROMOTED

Joseph A. Seaborg, president of New York Chapter for the past two years and whose association with the Mercantile Bank of the Americas was announced in the April JOURNAL-BULLETIN, has been made an assistant treasurer of that institution. The wisdom of some banks is akin to that of Solomon.

cashier of the National City Bank, will depart for Russia some time in June. He will represent the interests of the National City Bank in the new democracy. Mr. Dreher was quite reticent on the subject when approached by a representative of the JOURNAL-BULLETIN. More later.

HAROLD J. DREHER TO RUSSIA

Just as the JOURNAL-BULLETIN was going to press it was learned that Harold J. Dreher, Past President of the Institute and at present assistant

ROCHESTER CHAPTER

Rochester Chapter held its annual meeting and election on April 19. The following officers were elected for 1917-1918: president, George C. Lennox; vice-president, W. A. Matthews; secretary,

David Gales; treasurer, John T. Hanefy; executive committee, class of 1920, Fay E. Wright and Harry L. Edgerton. Delegates to Denver Convention, Paul B. Aex and George C. Lennox. Raymond H. Arnot, attorney, gave an interesting and instructive talk on "The Real Causes of the Present War in Europe." Dr. John F. Forbes, instructor in the "Banks and Banking" class, spoke briefly on the work done by the members of the class the past season, urging the members to continue their study of finance, through the educational opportunity offered by the Institute. At the close of the meeting a buffet luncheon was served.

GEORGE C. LENNOX.

SPOKANE CHAPTER

True to the patriotic spirit animating every breast during these eventful times, the annual meeting of Spokane Chapter, held on the evening of April 18, at the Hall of the Doges, Davenport's internationally known restaurant, was in keeping with the spirit of the hour. The entire assembly of 225 diners opened the evening's both festive and serious program by singing "The Star Spangled Banner" with the leadership of the Old National Glee Club. Charles A. Ham, retiring president, briefly reviewed the work of the chapter for the year. W. D. Vincent, vice-president of the Old National Bank, and president of the Spokane Clearing House Association, brought greetings from the association. D. G. O'Shea, president of the Federal Farm Loan Bank, spoke of the war policy now influencing the trend of affairs, and emphasized the duties of those who "did their bit" by remaining at their present posts of duty. W. J. Hindley, former mayor of Spokane, and late of the Canadian military forces at Winnipeg, spoke on "Bankers and War Winners." He urged government regulation and restriction of food values, and punctuated his appeal by citing concrete facts bearing upon the statements presented to his listeners. Stoddard King, of the *Spokesman-Review*, spoke in a humorous vein of banking and newspaper work, and kept his listeners in a constant uproar by tactful and witty allusions to the newer methods of analyzing and selecting applicants for positions in financial institutions in accordance with demonstrable and scientific theories of character analysis. Rev. Sherman L. Divine, in closing the program, urged a greater spirit of devotion in this time of trial and testing of men's hearts. The result of the annual election of officers was announced as follows: president, W. W. White, Union Trust Company; vice-president, H. W. Sanders, Fidelity National Bank; corresponding secretary, W. S. Freeman, Spokane State Bank; recording secretary, E. B. McBride, Spokane Clearing House Association; financial secretary, R. D. McCornack, Old National Bank; treasurer, Fred C. Jurgens, Spokane & Eastern Trust Co.; executive council, I. W. Chapman, Spokane & Eastern Trust

Co.; E. B. Hutcheck, Old National Bank, and Charles A. Ham, Exchange National Bank. J. H. THATSCH.

OAKLAND CHAPTER

Oakland Chapter closed one of the most successful years of its career with the annual election on May 8, 1917. The class in "Banks and Banking" had an average attendance of fifty-two, and thirty men took the final examinations, twenty-seven of whom passed successfully. The following six men will receive the Institute certificate: R. F. Thurston, W. E. Blackwell, Frank Pargett, F. Gustavson, Jr., E. A. Sykes and R. L. Smith. In addition to the "Banks and Banking" class the activities of the year included a class in memory training and special meetings at which the following well-known speakers were heard: Dr. Ira B. Cross, "The Federal Reserve Act"; Capt. Robert Dollar, "Foreign Exchange a Necessity to Make Our Country Commercially Great"; John Clausen, "Timely Observations on Guatemala"; Julian Arnold, "Business Opportunities in China," illustrated; Max Thelen, "The State Railroad Commission"; Dr. David P. Barrows, three lectures, "Financing the Present War," "Great Britain and Her Allies," and "American War Measures." The retiring president, J. Ernest Smith, was warmly commended for his able and efficient leadership, and a rising vote of thanks was tendered him as he turned the chair over to the new president, A. J. Anderson. On assuming the office of president, Mr. Anderson voiced a plea for a continuation of the support accorded the retiring administration, and expressing the conviction that only through the hearty co-operation of the membership can a successful year be achieved. The officers of Oakland Chapter for the ensuing year are: A. J. Anderson, president, First National Bank, Oakland; G. T. Douglas, vice-president, Berkeley Bank of Savings & Trust Co.; Wm. R. Ward, secretary-treasurer, Oakland Bank of Savings; board of governors, two-year term, G. K. Cunningham, Alameda National Bank; Warde Sorrick, First National Bank, Berkeley; one-year term, Fred Caudle, First National Bank, Richmond; W. P. Stone, First National Bank, Oakland; R. L. Chamberlain, Oakland Bank of Savings; E. C. Peterson, Central Savings Bank; R. F. Thurston, Citizens Bank of Fruitvale.

WM. R. WARD.

CHATTANOOGA CHAPTER

Our year's work is drawing to a close. On May 17, we had our examination and there were twenty-two in the class. Out of this number we will have eleven who will get their Institute certificates. This is the largest class in the history of our chapter to receive their certificates in one year. We feel that our chapter has been unusually successful this year. Our public affairs committee is now preparing talks on the Liberty Loan which will be made

to the different meetings and associations in our city. Our annual election will be held on Tuesday, May 29.

J. H. BROTHBECK.

RATHBONE FOR EXECUTIVE COUNCIL

At a meeting of the board of governors of Boston Chapter held May 16, 1917, Clarence A. Rathbone of the Norwood Trust Company and president of Boston Chapter for the past year, was unanimously indorsed for member of the Executive Council of the Institute.

MEMPHIS CHAPTER

The visit of E. G. McWilliam, President of the Institute, on April 19, was a pleasant event for Memphis Chapter. The meeting was held at The Bank of Commerce & Trust Co., in the director's room, quite a large crowd being present. President McWilliam made a splendid talk, outlining briefly the value of Institute educational work. Other talks were made by John D. Martin, director in The Union & Planters Bank & Trust Co., as also by our instructor, J. S. Allen, of the Bank of Commerce & Trust Co. Hon. I. H. Peres, a prominent lawyer here, also made an address, complimenting the chapter on the educational work that has been going on here the past several years and he placed emphasis on its value to each individual member. A number of our members expect to soon take an examination for Institute certificates.

L. C. HUMES.

NEW HAVEN CHAPTER

Wednesday evening, April 18, the second annual banquet was held at the Hotel Taft, New Haven, and a very enjoyable evening was spent by all. Naturally patriotism was the keynote of all the speeches and the chapter was most fortunate in securing such able speakers as Rev. James A. Magee of New Haven and Mr. Perkins of the National City Bank of New York. Rev. Mr. Magee in a brilliant and able denunciation of Prussian methods and blunders emphasized the new commandment immortalized by President Wilson: "The World must be made safe for Democracy." It surely must have occurred to Mr. Perkins as Mr. Magee was concluding his speech, that he would have to go some to preserve the traditions of the last speaker. However Mr. Perkins did make good with a very vivid and concise talk on the problems that face the United States at this time and their solution. Between speeches a quartette composed of Institute men rendered several selections and their work was excellent. At the tables this year were noticed not a few officers and directors of the banking institutions in New Haven. At the speakers table were the presidents of New York and Hartford chapters as well as Mr. Harrison of the Institute staff. It must have seemed certain to these gentle-

men that New Haven chapter in its second year was progressing rapidly and its success assured. The chapter members have taken their examination in "Banks and Banking" and we look forward to having all who have taken the two years' course, graduates of the Institute. HAROLD A. JORDAN.

KANSAS CITY CHAPTER

The year just concluded has, from an educational standpoint, been the most successful in Kansas City Chapter's history. A class in "Practical Banking," while an innovation in the chapter was quite successful, and a fair average attendance was maintained. This class was conducted by graduate members for the benefit of beginners who felt the need of elementary work before taking up the standard study course. The class which covered "Banks and Banking" and "Loans and Investments" was conducted by our able instructor, Harry B. Walker, and a lively interest was maintained throughout the season. The fact that thirty-two members of this class made satisfactory grades in the examinations, stands out as evidence that the class was a thorough success.

The spring banquet with which we closed the season was held at the University Club, Saturday evening, May 12, and was an enjoyable affair. President Pence gave a review of the year's work and awarded the prizes which had been offered by the chapter for the best grades in the class in "Banks and Banking" and "Loans and Investments," these grades being based upon attendance, class work and final examination. First, second and third prizes were awarded to T. T. Kinahan of the Produce Exchange Bank, E. H. Illian of the Drovers National Bank, and A. C. Clark of the Fidelity Trust Company, respectively. We had with us as guests of honor, Prof. Preston K. Dillenbeck of the Dillenbeck School of Expression, who gave us several readings in an able and highly entertaining manner and George E. Allen, educational director of the Institute, who also spoke. Other short but interesting talks were made by Councilman Clarence H. Cheney and Harry B. Walker, our able instructor. The election of officers for the coming year was also held at this banquet. Those elected were: president, W. H. Potts, Commerce Trust Company; vice-president, J. B. McCarter, Commercial National Bank; secretary, J. J. Swofford, Jr., Commerce Trust Company; treasurer, T. S. Cady, Gate City National Bank. The new officers chosen are men of known ability and untiring energy, and it is felt that a more successful year than ever is assured under their administration. S. H. HOEFER.

ANOTHER CHAPTER PRESIDENT PROMOTED

George E. Stirling, for many years with the First National Bank of New Haven, has been elect-

ed an assistant cashier of the Yale National Bank, which will later be merged with the First National Bank. Mr. Stirling is president of the New Haven Chapter of the American Institute of Banking and has been active in the work of the chapter since its inception. George E. Tester, another active member of the New Haven Chapter, has also been elected an assistant cashier of the same bank. The same qualities which these men have evidenced in their chapter work have contributed toward their present promotion.

BOSTON CHAPTER

The annual meeting was held at the City Club on May 9 in the form of a smoker. The speaker of the evening, Wm. Cameron Forbes, ex-Governor of the Philippine Islands, gave an interesting talk on conditions of the war as viewed by him during the past two years. The following officers were unanimously elected for the ensuing year: president, Charles W. Stevens, Old Colony Trust Co.; 1st vice-president, Leo Wm. Huegle, New England Trust Co.; 2nd vice-president, Frank B. Young, Boston Safe Deposit and Trust Co.; secretary-treasurer, Walter B. Davis, National Shawmut Bank. Directors: Harry C. Benner, Old Colony Trust Co.; Frank W. Bryant, Second National Bank; George H. Higgins, Merchants National Bank; George W. Simpson, National Union Bank and Arthur O. Yeames, Suffolk Savings Bank. Myrton F. Beeler of the Merchants National Bank was elected chief consul and William Willett of the Federal Reserve Bank and Harold A. Clay of the Boston Penny Savings Bank were added to the board. At the law examinations held in April there were 40 successful participants. The chapter now has 144 graduates and 77 one-credit men.

GEORGE W. SIMPSON.

ATLANTA CHAPTER

Our annual meeting was held recently and the following officers were elected: president, T. I. Miller, Central Bank & Trust Corporation; vice-president, Norman Coledge, Georgia Savings Bank & Trust Co.; secretary, C. C. Nall, Lowry National Bank; treasurer, W. F. Kimery, Federal Reserve Bank. The new officers are men who have been active in the affairs of the chapter and a successful year under their administration is predicted. The following delegates were elected to represent the chapter at the annual convention to be held in Denver in September: A. G. Matthews, T. I. Miller, J. A. Bankston, W. F. Kimery, C. C. Carter and J. W. Speas. On May 1, our chapter was addressed by E. G. McWilliam, President of the Institute, at a called meeting for that purpose. In an entertaining and instructive talk Mr. McWilliam outlined the purposes and work of the Institute, laying special emphasis on the educational features. He concluded

his talk with an appeal to the banks to lend their unqualified support to the furtherance of its ideals. His talk was spiced with wit, which served to make his remarks the more enjoyable, and our chapter felt fortunate, indeed, in having him present.

J. W. SPEAS.

MILWAUKEE CHAPTER

Milwaukee Chapter is about to complete what we consider a very successful year in chapter activities. We have added about seventy-five new members and have conducted three successful classes. The class in "Commercial Law" was exceptionally well attended, and all but two members passed the final examination, which was by no means an easy one. The second course was in "Loans and Investments," arranged mostly for certificate holders, and was composed of seven lectures. We are now having a course in "Banks and Banking," which is also very well attended, in fact, I think the average attendance is better than we have ever had, indicating that there will be a goodly number to take up and in all probability pass the examination. This means that Milwaukee Chapter will be able to add quite a number of names to its list of graduates. The lectures averaged a record-breaking attendance. We have had our annual election of officers, at which time August Kath, Germania National Bank, was elected president, and George Luscher, Marshall & Ilsley Bank, vice-president. Mr. Kath has entered the Officers Training School at Fort Sheridan and, therefore, for the present, Mr. Luscher, with the assistance of the board, is taking charge of our activities here.

A. J. SALENTINE.

CHICAGO CHAPTER

Nomination night at Chicago Chapter, May 8, brought out a large crowd, which listened with interest to a patriotic address on the American Navy by Geo. I. Haight of the Navy League. Mr. Haight emphasized the importance of our navy and its present great need of men. He also told us concrete facts concerning this branch of the service indicative of the many opportunities for advancement and the advantages awaiting the sailor man who enlists now. Bad weather cut into Chicago Chapter's election vote, but considering this, and the fact that there were few contested offices, the vote was good. Bruce Baird, First National Bank, was elected president; Oscar F. Meredith, Continental & Commercial National Bank, vice-president; Albert C. Tasch, Merchants Loan & Trust Company, corresponding secretary; Rollin M. Coleman, Union Trust Company, financial secretary; Louis Schaefer, Jr., Federal Reserve Bank, treasurer. Mr. Schaefer's margin was uncomfortably small—14 votes. For board of directors, J. W. Hayes, Union Trust Company, was elected for one year, without opposition. For three-year term, Raleigh E. Ross, The Northern Trust

Company, and Elmo Stevenson, Continental & Commercial National Bank, were the successful candidates in a three-cornered contest. Some twenty odd delegates were elected. The election night entertainment of Chicago Chapter was excellent and the splendid reports of the outgoing officers received close attention. Chicago Chapter has done particularly well in the educational line this year and the debate society has surprised active members with its strength. Bruce Baird, the newly elected president, made a brief speech.

RALEIGH E. ROSS.

ST. LOUIS

"After Work Comes Pleasure," so in keeping with the old proverb the members of the St. Louis Chapter ended the active work of the season 1916 and 1917 with their annual banquet, May 10. "America," sung by the entire assemblage, opened the meeting with that spirit of patriotism, democracy and good-fellowship that has ever prevailed in our chapter. In honor and praise of the many members who volunteered their services to our Country, a toast was drunk and "The Star-Spangled Banner" sung to cheer the departing ones. Geo. Phillips rendered a beautiful tenor solo and our toastmaster called on the speakers: Eugene Oppenheimer, manager foreign department National Bank of Commerce; C. F. Herb, vice-president of Mississippi Valley Trust Co.; A. H. Roudebush, assistant trust officer, Mississippi Valley Trust Co., and Chester B. Curtis, principal Central High School, who praised the work of the chapter as being a wonderful help to themselves as well as the students. Mr. Herb reported that thirty-seven out of forty-one passed the "Banks and Banking" examination and about thirty made above 85 per cent. and one as high as 90 per cent. President Schacht gave a brief review of the work covered the last year and the remarkable increase in membership, attendance and certificate holders. Byron Moser, assistant cashier of St. Louis Union Bank, a past president of the chapter, installed the new officers: John V. Keely, president; A. C. Riedell, vice-president; Otto C. Kahl, secretary; Frank N. Hall, treasurer. As many of our members have and many more will enlist in the protection of the rights of our country, a few words regarding our war machinery and the requirements from a man of such military experience as Lieut. Elmer D. Langworthy, U. S. N., brought our meeting to an appropriate close. Mr. Langworthy's talk on "The American Navy" was very inspiring and corrected many mistaken ideas that some of us may have had regarding the standard of men making up our fighting force.

ARTHUR MEYER.

COUNCILMAN HEBRANK

That the work done by the men who have directed the activities of Pittsburgh Chapter of the

American Institute of Banking is being appreciated is again demonstrated by the news that Harry E. Hebrank has become treasurer of the American Savings & Trust Company of Springfield, Ohio. Mr. Hebrank for some years has been auditor of the Union National Bank of Pittsburgh. He has always been active in chapter work and has at various times filled important offices. His year as president was highly successful. Mr. Hebrank has also played a prominent part in the work of the National Institute in which he is one of the best known and most popular members. His work on the National publicity committee two years ago was unusually good. Due to the many qualifications that he has displayed he was elected in 1915 to the National Executive Council of the Institute. The qualities that Harry Hebrank has always manifested in Institute work will carry him to continued success in the banking field.

NEW ORLEANS CHAPTER

New Orleans Chapter has started the ball rolling in military preparedness. At a special meeting called on Saturday, April 13, with an attendance of about 150, R. S. Hecht of the Executive Council suggested a plan to provide military training for all bank employees. At his suggestion a committee composed of the following were appointed to work out the details: R. S. Hecht, chairman; J. B. Ferguson, C. G. Rives, F. L. Ramos, John Legier, and Harry Hardie. The committee immediately set out to find competent drill masters, and were fortunate in securing the services of First Sergeant Baust of the United States Marine Corps, and P. M. Lamberton, secretary of the Mortgage Securities Company. Mr. Lamberton is a veteran of the Spanish-American War. Approximately 175 have enrolled, and the recruits have been divided into two divisions, juniors (age limit thirty years) and seniors (all above thirty years). Sergeant Baust has been placed in charge of the juniors and Mr. Lamberton is instructing the seniors. Four afternoons a week are set aside for instructions, Tuesday and Thursday for the juniors, 5 o'clock sharp to about 6 o'clock. Wednesday and Friday, same hours, for the seniors. On the evening of Tuesday, April 24, we were honored by a visit from E. G. McWilliam, President of the Institute. About 100 of our members assembled in the chapter rooms to hear the message that he brought to us. Mr. McWilliam confined his address to telling us what the chapters are doing in other places, and pointed out the many advantages to be derived from a thorough and systematic study of the Institute's prescribed study courses. Our eleventh annual banquet, which took place Saturday, May 19, was successful from every standpoint. Nicholas Sims, state bank examiner, responded to a toast to the "Stars and Stripes"; R. S. Hecht, vice-president Hibernia Bank & Trust, spoke on "What

the Institute is Doing." P. H. Saunders, president Commercial-Germania Trust & Savings Bank, "Cattle Loans"; C. G. Rives, Jr., auditor of the Interstate Trust & Banking Company gave a report of the year's work. Hon. Justice Charles E. O'Neil gave a very stirring address on "What the Country is Doing." The following officers were elected for the year 1917-1918: Norbert B. Hinckley, president; H. B. Turcan, vice-president; Kenner S. Baetjer, corresponding secretary; E. F. Le Breton, recording secretary, and Emmet Jones, treasurer. Board of governors: W. Feuillan, W. L. Higgins, C. A. Hogan and R. J. Palfrey. A committee has been appointed to co-operate with the clearing house committee in arousing popular interest in the \$2,000,000,000 Liberty Loan bond issue.

KENNER S. BAETJER.

VICE-PRESIDENT PROCTOR

H. G. Proctor, for several years manager of the Richmond County Clearing House, Richmond, Virginia, has been elected cashier of the Union Savings Bank & Trust Company of Huntington, West Virginia. Mr. Proctor has been active for many years in the work of the American Institute of Banking. He is a past president of Richmond Chapter, and in September of last year was elected Vice-President of the Institute. Naturally he is a graduate of the organization, and his promotion is due to the Institute training and ability.

JACKSONVILLE CHAPTER

Jacksonville Chapter held its annual meeting on May 10, 1917, in the Chamber of Commerce Building, and the following officers were elected to serve during the ensuing year: J. R. Hill, president; Ralph W. Hoyt, vice-president; W. M. Girardeau, secretary and treasurer. In order that future presidents of Jacksonville Chapter may have the benefit of the experiences and inspiration to be gained at the annual conventions of the American Institute of Banking, we have made it a rule that the newly elected president of the chapter shall be a delegate ex-officio to the Institute convention. The chapter will therefore be represented at the coming convention at Denver by J. R. Hill, C. B. Campbell (the retiring president), and Ralph Hoyt. Nine members were enrolled for the annual examination in Part One of the Institute study course, covering "Banks and Banking"; and it is confidently anticipated that a large majority of these candidates will be successful in passing the examination. E. STEPHENSON.

COUNCILMAN RATTRAY

James Rattray, who has been with the Bank of Buffalo, Buffalo, N. Y., for nine years, more recently manager of the safe deposit vault and bond department, has become associated with the bond department of the Guaranty Trust Company of New York.

Mr. Rattray has been active in the work of the Buffalo Chapter for nine years, and has held every important office in the chapter, including that of president. He is an Institute graduate and for three seasons acted as instructor of the "Banking" class of the Buffalo Chapter, also as leader of its forum. These qualifications caused Mr. Rattray to be elected a member of the Executive Council of the American Institute of Banking in 1916.

SEATTLE CHAPTER

The chapter activities during the past month have consisted mainly of the regular educational work of the chapter. We have finished the work for the year, the final examinations having been held the latter part of May. The annual election recently held resulted as follows: president, H. A. Barton; vice-president, J. L. Platt; secretary, H. O. Grondahl; treasurer, E. B. Ansley; members of the board, J. C. Sloss and B. N. L. Davis. Our social activities consisted of a small informal dance which was very well attended. H. A. BARTON.

CINCINNATI CHAPTER

One of the most successful seasons in the history of Cincinnati Chapter is now closing. More genuine interest has been taken in the educational work than in previous years. Ten students successfully passed the examination in "Banks and Banking" and "Commercial Law"—sixteen have successfully passed the final examination in Part I (Banking)—and six have passed the examination in public speaking. A class in elementary banking was formed near the close of the season as an experiment. It proved successful. It will be part of the educational program of next year. The following new officers were elected: president, Clifford Smith, Citizens National Bank; vice-president, Harry Selmeier, Field, Richards & Co.; chief consul, George Schraffenberger, German National Bank; secretary, George E. McCubbin, Central Trust Co.; treasurer, Gus Hampson, Fifty-third National Bank. The annual banquet will be held on May 24. J. W. Gorby, ex-president of the Chicago Chapter, will deliver the principal address. The new officers will be installed at this banquet and the scholarship prizes will be awarded to the successful students.

WILLIAM BEISER.

SAN FRANCISCO CHAPTER

San Francisco Chapter is finishing up the most memorable year ever in the history of the organization and at this time it may be fitting to enumerate a few of the progressive steps taken during the past year. Beginning in June, 1916, the chapter had approximately 650 members—a strong nucleus of fellows from which to build, but an insufficient number of men to carry on the work of an organiza-

tion destined to play an important part in the educating of San Francisco bank men. Our educational work heretofore, had been achieving some results, but not to the extent it was felt should be accomplished. The incoming officers, headed by our energetic and far-seeing president, John Clausen, saw a bigger and brighter future for San Francisco Chapter than had ever been enjoyed and set about to materialize that future. An enormous membership campaign was inaugurated. Officials and employees of all San Francisco banks were enlisted in the big drive. Men who knew but vaguely of the Institute were made to see the advantages to be derived, while others, who had always maintained a passive attitude toward the work of the chapter, were made to see what our organization might accomplish with their help and thus, inactive members and workers were changed into strong, vigorous boosters for San Francisco Chapter. Then officials were shown how they could help in an educational way by persuading their employees to join our educational classes and assume an active part in the Institute. Our educational work outside the two main courses, "Banks and Banking" and "Commercial Law," comprised Spanish, accountancy, English and public speaking. Then as the final concluding event the annual dinner was held on the night of May 3. Nearly 600 were assembled in the patriotically decorated banquet room. Among the speakers were Wm. H. Crocker, president of the Crocker National Bank of San Francisco; John A. Britton, vice-president and general manager of the Pacific Gas & Electric Co.; Jesse W. Lilienthal, president of the United Railroads of San Francisco, and C. K. McIntosh, vice-president of the Bank of California, N. A. Dr. Barrows on this night gave his concluding lecture of the "War Finance" series. However, to do all these things, which have meant so much to the Institute, we have had to have a strong, able man at the helm, and San Francisco Chapter has had such a man in our president, John Clausen. His efforts have been indefatigable, his zeal untiring, his interest in the chapter of the honest, hard-working sort, which goes after and gets results.

BUFFALO CHAPTER

A most successful season has been completed by Buffalo Chapter. A splendid educational program was undertaken in which was included the course in Part I of the Institute study course (Banking); the chapter forum for post-graduate study, having a program on the subject of "Investments"; a course in business correspondence, and classes in debating, Spanish, elementary banking and penmanship. On Saturday afternoon, May 12, thirty-two men tried the final examination in Part I (Banking). Our biggest social affair was the annual banquet held on the evening of February 10, and it was a pro-

nounced success. This season marks an event in the history of Buffalo Chapter in the great loss it will suffer when James Rattray leaves Buffalo for New York City to be connected with the Guaranty Trust Company after June 1. To no other man is Buffalo Chapter so greatly indebted as to Jim, through whom this chapter has gained the success it now enjoys. Because of his wonderful executive ability, Jim has made this chapter an efficient organization, and his advice was always sought in matters concerning the chapter and the plans that were made. A man with a pleasing personality and an agreeable and optimistic nature, he was liked by all in the chapter and the other bankmen who came to know him. Imbued with the Institute spirit and Institute ideals he was more or less the backbone of Buffalo Chapter. He is a student of banking and finance, always abreast with the problems of the time, and we feel that the Guaranty Trust Company has added to its staff an exceptionally good man who will help to maintain the prestige of that great institution and even to bring greater prestige to it. His many friends in Buffalo and vicinity wish him success in his new field. Our annual election for the season of 1917-1918 was held on Wednesday evening, May 16. The following were elected officers and will assume office on July 1: president, Gordon B. Cleversley, Citizens Commercial Trust Company; first vice-president, Louis Wm. Enslin, Manufacturers & Traders National Bank; second vice-president, Aug. G. Haselbauer, Bankers Trust Company; corresponding secretary, James Keenan, Citizens Commercial Trust Co.; financial secretary, Edward R. Thurn, Citizens Commercial Trust Co.; treasurer, P. C. Jansen, Manufacturers & Trades National Bank. The retiring president, Godfrey F. Berger, Jr., Lackawanna Trust Company, Lackawanna, N. Y., will automatically become chairman of the executive committee, according to the articles of association. At this meeting Mr. Rattray was unanimously made an honorary member of Buffalo Chapter, the first man to be accorded this distinction. Mr. Rattray was appointed a member of the State Committee for New York State in connection with the American Bankers Association's plan for co-operation in the flotation of war bonds.

LOUIS WM. ENSLIN.

ALBANY CHAPTER

At the annual meeting of Albany Chapter held May 17, Gardner B. Perry, manager of the bond department of the National Commercial Bank, was elected president for the ensuing year. Other officers elected were: first vice-president, Ralph T. Simmons, Union National Bank, Troy, N. Y.; second vice-president, J. Germain Kellar, Albany Savings Bank; treasurer, William D. Wade, City Safe Deposit Company; secretary, Halsey W. Snow, Jr., National Commercial Bank. Mills Ten Eyck,

Albany County Savings Bank, and John C. O'Byrne, First National Bank, were elected to the board of governors for a term of three years. Delegates to the A. I. B. convention in Denver, Michael Hedderman, Gardner B. Perry, Halsey W. Snow, Jr., John Trowbridge, Ralph T. Simmons, Clifford J. Beckett, and J. H. La Chapelle. On May 24, our instructor, Dr. Sakolski, conducted an examination in Part I (Banking) of the Institute study course. A goodly number took part in this examination. The members of Albany Chapter are to take an active part in the campaign to be conducted by local bankers to push the sale of Liberty Loan bonds.

HALSEY W. SNOW, JR.

PHILADELPHIA CHAPTER

The chapter activities for the season are about over, but the past few weeks have contained events of very great interest to members. Our last regular meeting was held in the form of a smoker on May 4. An excellent entertainment was furnished and was enjoyed by one of the largest gatherings of members we have ever had. The result of the election for members of the board of governors was announced as follows: Messrs. R. U. Frey, O. Stuart White, E. J. Schall, H. E. Deily and Martin Lee. Frey, White and Deily are being returned to the board, while it means new work for Schall and Lee. On Tuesday, May 15, the new board met and organized for the coming year. The officers elected were: W. W. Allen, Jr., Philadelphia National Bank, president; Anthony G. Felix, Peoples Bank, vice-president; Elmer J. Schall, Philadelphia Trust Co., secretary; and Howard E. Deily, Trademans National Bank, treasurer. While we feel that Philadelphia Chapter has always maintained a high degree of efficiency in the conduct of its affairs, we are confident the present administration will keep pace with former records and probably excel them. A debate with New York Chapter's team on the question, "Resolved, that after the present war the United States should so far depart from her traditional policies as to participate in the organization of a league of powers to enforce peace," was held in New York on May 23. This was one of the elimination contests in the series for the National Championship and was won by New York, who had the affirmative side of the question. Our congratulations to the winner.

W. A. MCCAMY.

OMAHA CHAPTER

Omaha Chapter closed a very successful season with a banquet the first week in May. A goodly number of the members were present. The season's work was reviewed in several short talks by the members, and satisfaction was expressed at the progress made during the year. Our educational work has not been neglected. The negotiable instrument act has been covered very thoroughly by In-

structor Harry O. Palmer and those who have attended this class have got something that will be of real benefit to them in their daily work. Another pleasing feature of the season's program has been our class in public speaking. In connection with this class a debate was staged with Des Moines Chapter on the subject of "Government Ownership of Railroads." The Des Moines team, representing the negative side, came to Omaha and carried off the honors, but the home team put up a good fight and made the best of an unpopular cause. A resolution was unanimously adopted pledging the support of the Omaha Chapter to the American Institute of Banking in their efforts to aid in placing the Liberty Loan bonds.

WILLIAM PHILLIPS.

RICHMOND CHAPTER

Richmond Chapter has, very wisely, in view of existing conditions, decided to postpone indefinitely the annual banquet which usually closes the year. However, on May 29, we had a less pretentious "Buffet Supper," at which fitting recognition was given the new certificate holders, who are sixteen in number, and the members of other classes who successfully completed their course for the season. This has been in many respects our most constructive season. The educational work, so successfully inaugurated under the presidency of W. M. Goddard and continued under J. C. Wheat, has reached its greatest height during the office of our retiring president, W. A. Roper. The election of H. H. Augustine, of the First National Bank, to the presidency, assures the continuance and yet further development of this great work. With Mr. Augustine were elected at our last meeting L. B. Thomas, of the Merchants National Bank, vice-president; W. M. Brown, Planters National Bank, secretary, and M. D. Walker, Richmond Bank & Trust Co., treasurer. There were several new members enrolled at this meeting, bringing our total well above the 300 mark.

W. M. BROWN.

PITTSBURGH CHAPTER

Pittsburgh Chapter is finishing up the present season with a bang. We held a monster open meeting in our new quarters in the Keenan Building, sixteenth floor, Tuesday evening, May 22, 1917. This was the night set aside for our annual election and to say the night was a "hummer" is putting it mild. The first and most important event, of course, was the election, which was held from 4 to 8 p. m., the results being as follows: B. A. Herrod, president; W. P. Watson, vice-president; R. E. Gibson, secretary; M. P. Claney, treasurer. The directors elected were: Jean Phillips, E. S. Eggers, P. D. Beatty, C. W. Ehni, W. E. Richards, Jr., J. A. Hyslop. From 6 to 8 we were set down to a substantial lunch, at the same time being entertained by the Lindsay Colored Quartette. From

7 to 8 we held our annual adding machine contest under the Burroughs Company, who donated the prizes. At 8 o'clock we had moving pictures of Yellowstone National Park and the Columbia River. H. E. Hebrank was then called and delivered his farewell address. Mr. Hebrank has accepted a position as treasurer of the American Bank & Trust Company of Springfield, Ohio. We are sorry to lose Harry, but sure wish him success in his new surroundings. Hon. Jos. Francis Burke delivered one of his famous talks entitled "The Need of the Hour." The best was saved for the last. For the many helpful things done for Pittsburgh Chapter, particularly during the present season, when he taught the class on Banking, the president presented to Mr. Eggers, on behalf of Pittsburgh Chapter, a beautifully engraved humidor. Mr. Eggers was taken completely by surprise. A farewell dinner was tendered Mr. Hebrank Wednesday evening, May 23, by the members of Pittsburgh Chapter. A number of short addresses were made and a stick-pin was presented to Mr. Hebrank; the presentation speech being delivered by our president, Mr. Phillips.

H. E. REED.

PORTLAND CHAPTER

During the past month our activities have been confined exclusively to educational features. We have held two regular lectures, an oral quiz and the written examination, which latter was held April 27. Sixty-eight members took the test and sixty-seven have been awarded passing grades by Professor Morton. Of this number seventeen have previously earned credits in Part II (Law), entitling them to Institute certificates, making a total of forty-five certificate holders in Portland Chapter and sixty one-year credit men, providing an excellent nucleus for next year's class. At the annual election A. B. Nordling, United States National Bank, was elected president, and J. King Byron, Ladd & Tilton Bank; T. M. Dunne, United States National Bank, and Christian Petersen, Lumbermens National Bank, were elected directors. Our annual banquet was held May 15 at the Hotel Benson. About 150 were gathered about the board, while some twenty-five or more vacant chairs were mutely eloquent of the patriotism which inspires the members of Portland Chapter. Chairman Mullen introduced Lydell Baker, editor of the *Pacific Banker* and erstwhile instructor of chapter classes, as toastmaster. The first toast, "The American Institute of Banking," was responded to by Prof. D. W. Morton, dean of the School of Commerce of the University of Oregon, and for the past two years instructor of chapter classes. Before Professor Morton began his speech, Mr. Mullen, on behalf of the members of the 1917 classes, presented him with a beautiful and appropriately engraved watch-fob as a token of the high regard entertained by its members for their

teacher and friend. Mr. Morton made a pleasing acknowledgment of the gift. C. C. Colt, manager of the Union Meat Company of this city, responded to the toast, "The Young Man—His Opportunities," and succeeded in establishing to the satisfaction of all that there is no dearth of opportunity for young men of the right caliber. Mr. McCrillis, a local real estate broker, presented in a very interesting way the aims of the "Home Buying Campaign," which is being so widely waged at this time. The last speaker of the evening was Hon. Wm. D. Wheelwright, who recently was very favorably mentioned in connection with the appointment of an Ambassador to Japan. Besides being recognized as a substantial and successful business man of this section, Mr. Wheelwright is somewhat of a litterateur and a recognized authority in Oriental affairs.

MARTIN E. FITZGERALD.

PROVIDENCE CHAPTER

The activities of Providence Chapter were concluded with the annual meeting, which was held May 10. The officers for the ensuing year were elected as follows: president, W. F. Farrell, Union Trust Company; vice-president, O. T. Sherman, Rhode Island Hospital Trust Co.; secretary, J. I. Tomey, Industrial Trust Company; treasurer, M. H. Hutton, National Exchange Bank. During the evening, William H. Lough, president of the Business Training Corporation of New York, gave an address on "The Banker's Opportunity in Export Trade." Mr. Lough's clean-cut presentation of the subject demonstrated that even the bankers in the smaller cities may have a part in developing foreign business. The result of the examination in "Banks and Banking" showed eleven successful candidates, three of whom earned their Institute certificate, namely: James H. Andrews, Louis R. Holmes and Howard F. Williams. The class in English and letter writing proved to be one of great interest, and of considerable help to those who followed it to the end.

J. H. MARSHALL.

DES MOINES CHAPTER

The Des Moines Chapter of the American Institute of Banking held their last general meeting for the fiscal year with a banquet at Younkers Tea Room, Wednesday, May 23, 1917. The annual election of officers was held with the following results: President, Leo J. O'Flaherty; vice-president, Ward Phillips; secretary, Clifford K. Hess; treasurer, Wray Bertholfe. M. Johnson, J. E. Morton and Herbert Horton were elected to serve on the executive committee. The following delegates were elected to attend the Denver Convention: Ward Phillips, Clifford K. Hess, F. J. Clark, Leo J. O'Flaherty, Will Lane, Andy Huglin, G. A. Tumbleson, J. E. Morton and J. F. Hart. Conspicuous

among those who will attend the convention is Wray Bertholfe, prize winner at the Peoples Savings Bank for the best attendance at Institute meetings. His expenses will be borne by his bank. Captain McHenry, of Company B, Des Moines, Iowa, gave an address, stating conditions and life of the soldiers at the front and of their desire to have a good mess fund. The Institute responded liberally by raising \$150, which gives them close to \$1,500 for this fund. The members of the Des Moines Chapter appreciate the good will and support of the Des Moines banks, so cheerfully and freely given, and expect to reciprocate with the best there is in them. Many Institute members have won splendid promotion this year, and we all feel the Institute work has been a big factor in their success.

C. K. HESS.

TACOMA CHAPTER

We have completed the text-book entitled "Loans and Investments," and the final examinations in Part I (Banking) have been held, about forty participating. On May 1 the class listened to a very interesting and instructive address by C. S. Daken, our instructor in foreign exchange, on "Financing Foreign Exports and Imports."

WORCESTER CHAPTER

The organization of Worcester Chapter was completed at a meeting held in the auditorium of the Worcester Five Cents Savings Bank on May 22. Only a temporary organization has been in existence for several months. The attendance of fifty represented practically every banking institution in Worcester. Ernest Russell, assistant treasurer Worcester County Institution for Savings, chairman of the committee on articles of association, outlined the aims and objects of the organization. President John E. White, Worcester Trust Company, urged all to take up the work which he considered will be beneficial both to the members and to the banks. The articles of association adopted provide for monthly meetings except in June, July and August and for an annual meeting May 3. Special and social meetings may be called by the executive committee at any time. The following officers were elected: President, Charles F. Hunt, Worcester Trust Company; first vice-president, C. Victor Ekstrom, Worcester Five Cents Savings Bank; second vice-president, E. A. Macgowan, Worcester County Institution for Savings; secretary, Frederick S. Parker, Merchants National Bank; treasurer, Raymond L. Middlemas, Mechanics Savings Bank. A membership of 125 was enrolled, which includes about twenty officers of the different Worcester banks. The chapter plans to have several speakers

before September 1, when it will take up a course of study, the first subject being "Banks and Banking."

FREDERICK S. PARKER.

NEW YORK CHAPTER

The record-breaking educational program of New York Chapter closed with the final examinations held on May 24, 25 and 26. It is needless to mention that our courses have attracted an increased body of students striving for the much-desired sheepskin, and it is anticipated that the graduating class this year will be the best ever. On May 9 our boys were defeated in a debate with our Hartford friends, the subject being: "Resolved, That the United States shall so far depart from its traditional policy as to participate in a league to enforce peace at the end of the present war," Hartford supporting the affirmative and New York the negative side. The hospitality shown our men was deeply appreciated. Again our debating team faced the Philadelphia forces on May 23 in our chapter rooms. This time the verdict was in our favor, but the decision was a close one and the Philadelphia firing line gave us a good contest. The resolution for debate was "Resolved, That the United States after the present war should so far depart from its traditional policies as to participate in the organization of a league of powers to enforce peace," New York upholding the affirmative and Philadelphia the negative side. The annual meeting of the chapter was held on May 10. The report of the officers and various chairmen of committees showed astonishing results during the past year and the meeting was closed with all praise for the administration which had been responsible for the accomplishments. On May 15 the closing meeting of the consuls was held—summary reports of various committee men were given and the election of officers took place. The following men were elected and assume charge on June 1: A. F. Maxwell, assistant cashier National Bank of Commerce, president; B. S. Miller, National Bank of Commerce, first vice-president; I. H. Meehan, Farmers Loan & Trust Co., second vice-president; L. H. Ohlrogge, National Park Bank, treasurer; F. M. Totton, Farmers Loan & Trust Co., chief consul, and C. H. Mead, Bowery Savings Bank, librarian. New York Chapter is proud of its new staff and the success of next season's work is already assured. After the consuls' meeting the annual adding machine contest took place, the boys of the National Bank of Commerce running away with all the honors and prizes. June 6 winds up all activities of the season and that is the occasion of our closing rally. A large attendance is anticipated and the new officers will be presented to the general membership.

WILLIAM FEICK.

MEMBERSHIP CHANGES

REPORTED FROM APRIL 26 TO MAY 25, 1917.

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The General Secretary of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the JOURNAL-BULLETIN.

AlabamaWarriorCitizens Bank liquidating.	Maryland ...Baltimore ..State Bank of Maryland and its Highlandtown and Produce Exchange branches taken over by Baltimore Trust Company.
California ..FresnoPeoples Savings Bank taken over by Bank of Italy.	
Los Angeles.National Bank of California merged with Merchants National Bank.	
Colorado ...Strasburg ..Farmers and Drovers Bank liquidated.	Missouri ...Springfield ..German American Bank succeeded by American Savings Bank.
Delaware ...FeltonFirst National Bank succeeded by Felton Bank.	Montana ...Harlowton ..State Bank of Harlowton succeeded by Continental Bank and Trust Company.
Selbyville ..Selbyville National Bank succeeded by Selbyville Bank.	Three Forks.Three Valleys State Bank converted to American National Bank.
GeorgiaDublinCity National Bank converted to Citizens Bank.	
HarlemBank of Harlem closed.	
SandersvilleWarthen and Irwin succeeded by George D. Warthen Bank.	Nebraska ...Hastings ...German National Bank changed
IdahoNampaCitizens National Bank succeeded by Farmers & Merchants National Bank.	New Jersey.Paterson ...German American Trust Company changed to United States Trust Company.
IllinoisAledoAledo Bank changed to Aledo State Bank.	New York...New York ..Astor Trust Company succeeded by Bankers Trust Company, 5th Ave. & 42d St. Branch.
OlneyOlney Bank succeeded by Olney State Bank.	Fidelity Bank purchased by United States Mortgage and Trust Co., Madison Branch.
Winnetka ..Bank of M. K. Meyer succeeded by Winnetka Trust and Savings Bank.	S. Jarmulowsky, closed.
IndianaEast Chicago ..East Chicago Bank succeeded by East Chicago State Bank.	OhioBrookville ..Citizens Banking Company succeeded by Citizens State and Savings Bank.
IowaCharlotte ...Charlotte Savings Bank succeeded by Charlotte Trust and Savings Bank.	New Wash- ingtonFarmers Exchange Bank succeeded by Farmers State Bk.
KansasEllisCitizens State Bank succeeded by First National Bank.	Oklahoma ..WirtSecurity State Bank moved to Healdton.
	Washington.SeattleFremont State Bank closed.

NEW AND REGAINED MEMBERS FROM APRIL 26 TO MAY 25, 1917, INCLUSIVE.

ArkansasBank of Lamar, Lamar.	IllinoisIllinois State Bank, Chicago.
CaliforniaCalifornia National Bank, Modesto.	IowaAkron Savings Bank, Akron.
First National Bank, Victorville.	Citizens State Bank, Anthon.
ColoradoCitizens Bank, Pagosa Springs.	The Athelstan Bank, Athelstan.
First State Bank, Silt (regained).	Aurora Savings Bank, Aurora.
FloridaFirst Bank of Moore Haven, Moore Haven.	Farmers Savings Bank, Colo.
IdahoGerman State Bank, Cottonwood.	Decatur State Savings Bank, Decatur.
Bank of Juliaetta, Juliaetta.	National Bank of Decorah, Decorah.
Farmers & Merchants National Bank, Kimberly.	Bankers Trust Company, Des Moines.
IndianaAngola Bank Trust Co., Angola.	Euclid Avenue State Bank, Des Moines.
	First National Bank, Farmington.
	Winnebago County State Bank, Forest City.
	Farmers National Bank, Garner.
	First State Bank, Greene.

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Iowa (Continued)	Farmers Savings Bank, Grimes. Citizens Savings & Trust Co., Iowa City. Farmers & Merchants Savings Bank, Lidderdale. Worth County State Bank, Northwood. Aetna State Bank, Oelwein. First National Bank, Prescott. Riverside Savings Bank, Riverside. Roland Savings Bank, Roland. First National Bank, Ruthven. State Savings Bank, Westgate. State Bank of West Union, West Union.	New York	First National Bank, Marcellus. Mercantile Trust & Deposit Co., N. Y.
Kansas	First State Bank, Athol. Kaw Valley State & Savings Bank, Wamego.	North Carolina	The Planters Bank, Wilson.
Maine	Camden Savings & Trust Co., Rockport.	Ohio	Ohio Savings & Trust Co., Akron. Merchants & Farmers Bk., Blanchester. Old Fort Banking Co., Old Fort. Dollar Savings & Trust Co., East Fed- eral Street Branch, Youngstown.
Maryland	Southern Maryland Nat. Bk., La Plata.	Oklahoma	First National Bank, Butler. The Osage Bank, Fairfax (regained).
Minnesota	First National Bank, Red Wing.	Oregon	Crane State Bank, Crane.
Mississippi	Commercial Bank, Magee. Perry County Bank, New Augusta. Pelahatchie Bank, Pelahatchie. Bank of Wiggins, Wiggins.	South Carolina	Federal Land Bank, Columbia.
Missouri	Arrow Rock Stock Bank, Arrow Rock. Wright County Bank, Hartville. Bank of Hoberg, Hoberg. Bank of Manes, Manes.	South Dakota	Stickney State Bank, Stickney.
Nebraska	First National Bank, Lexington (re- gained). Citizens Bank, Ogallala. Citizens State Bank, Pierce. Community State Bank, Table Rock. Knox County Bank, Verdigre.	Texas	Citizens National Bank, Cameron. Border National Bank, El Paso. Farmers National Bank, Lubbock. Farmers & Stockmens State Bank, Ochiltree. Uvalde National Bank, Uvalde.
		Washington	Commercial State Bank, Mansfield.
		West Virginia	Farmers & Miners Bank, Charleston. Bank of Glen Jean, Glen Jean.
		Wyoming	Shoshoni State Bank, Shoshoni.
		Canada	Canadian Bank of Commerce, Market Branch, Toronto.



